

REQUEST FOR PROPOSAL

RFP No. 25-02



FINANCIAL ADVISORY SERVICES

RFP DUE DATE: TUESDAY, MARCH 25, 2025 @ 2:00 PM (ET)

Terri Lemon-Scott, Contract Specialist

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PROCUREMENT SERVICES

2831 Talleyrand Avenue, Jacksonville, Florida 32206

JAXPORT.com/procurement/active-solicitations

REQUEST FOR PROPOSAL NO. 25-02

FINANCIAL ADVISORY SERVICES FOR THE JACKSONVILLE PORT AUTHORITY

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REQUESTS FOR DISTRIBUTION SHEETS

Copies of the Request for Proposal (RFP) distribution records may be requested by contacting Procurement Services.

SUBMISSION OF PROPOSALS

Proposals submitted electronically in advance of the time set for opening will be held in the Trimble Unity Construct (E-Builder) Bidding Portal until **TUESDAY, MARCH 25, 2025 @ 2:00 PM (ET)**. Proposers are fully responsible for submittal of proposals. Reliance upon the computer system's reaction time is at proposer's risk. After the proposal due date/time has passed, the submit button will be disabled. **Late proposals will not be received or considered.**

PROPOSAL OPENING PROCEDURES

Depending on the type of project for which proposals are requested, the items read at the opening will vary. Sealed proposals are not public records subject to disclosure under the Florida Public Records Law until such time as the Jacksonville Port Authority provides notice of a decision or intended decision to award the contract or within thirty (30) days after opening, whichever is earlier (119.07 (3) (m), Florida Statutes). All parts of proposals, including exhibits, are subject to the Public Records Law, and a Proposer may not exclude any portion of the Proposal unless specifically exempted from disclosure by Florida Law. Exemption of financial statements applies only to required submittal for prequalification of bidders on public works projects.

REQUESTS FOR PROPOSALS RESULTS OR AWARD OF CONTRACT

Proposers desiring a copy of the unofficial tabulation sheet from Procurement Services, which will contain only the items considered necessary by JAXPORT, may request a copy be sent to them by facsimile or email, thirty (30) days after the proposal opening date. Proposers wishing to view proposals submitted, subject to the above Public Records requirements, must arrange an appointment by contacting Public Records at (904) 357-3091 or public.records@jaxport.com. If copies are requested, an appropriate charge will be assessed, and all copies will be made solely at the convenience of JAXPORT. All Proposers will be notified of the intent to award the contract after action by the Jacksonville Port Authority Awards Committee.

COMMUNICATION WITH JAXPORT DURING SOLICITATION PROCESS

Respondents to this solicitation or persons acting on their behalf may not contact, between the release of the solicitation and the end of the 72-hour period following the agency posting the notice of intended award, excluding Saturdays, Sundays, and state holidays, any JAXPORT employee concerning any aspect of this solicitation, except in writing to the procurement director or as provided in the solicitation documents. Violation of this provision may be grounds for rejecting a response.

REQUEST FOR PROPOSAL NO. 25-02
FINANCIAL ADVISORY SERVICES
FOR THE
JACKSONVILLE PORT AUTHORITY

A **MANDATORY** PRE-PROPOSAL CONFERENCE will be held at 10AM (ET) on **TUESDAY, MARCH 4, 2025** via ZOOM Meeting under

<https://us02web.zoom.us/j/88000606326?pwd=5RKVSnsfirwc79afGal71jldUweTyk.1>

MEETING ID: 880 0060 6326 and PASSCODE: 022863

***Failure to attend the Mandatory Pre-Proposal Conference will
result in disqualification and rejection of proposal.***

Proposals will be received by the Jacksonville Port Authority (JAXPORT) via Trimble Unity Construct (E-Builder) Electronic Bid Submission until **2:00 PM (ET)**, on **TUESDAY, MARCH 25, 2025**, at which time they will be opened publicly via ZOOM Meeting under

<https://us02web.zoom.us/j/89122186043?pwd=VvkYkFBs7A3KcGarrHZUQabZjGP7yL.1>

MEETING ID: 891 2218 6043 and PASSCODE NO: 363701

All Proposals must be submitted in accordance with the Specifications of Proposal Number **25-02**, which may be obtained from our website:

<https://www.jaxport.com/procurement/active-solicitations/>

**Jacksonville Port Authority
Procurement Services
(904) 357-3065**

ARTICLE I
INSTRUCTIONS TO PROPOSERS
FINANCIAL ADVISORY SERVICES

1.01 GENERAL INFORMATION

The Jacksonville Port Authority is soliciting proposals from “Qualified and Experienced Firms” interested in providing **FINANCIAL ADVISORY SERVICES** and Public Private Partnership Services for the Jacksonville Port Authority (JAXPORT). JAXPORT will accept proposals from qualified proposers on an individual or combined basis: 1) General Financial Advisory Services and 2) Public Private Partnership Advisory Services (P3).

1.02 MANDATORY PRE-PROPOSAL CONFERENCE

To ensure that all Proposers are fully informed of the requirements for this contract, a Pre-Proposal Conference will be held at **10AM (ET) on TUESDAY, MARCH 4, 2025 via ZOOM Meeting** as noted below.

MANDATORY PRE-PROPOSAL “ZOOM” MEETING:

“For your proposal to be considered a representative from your company must attend the meeting.”
<https://us02web.zoom.us/j/88000606326?pwd=5RKVSnsfirwc79afGal71jldUweTyk.1>

MEETING ID: 880 0060 6326

PASSCODE: 022863

1.03 RECEIPT AND OPENING OF PROPOSALS

JAXPORT will receive Proposals until **TUESDAY, MARCH 25, 2025 at 2:00 PM (ET)** from companies licensed, qualified and interested in providing **FINANCIAL ADVISORY SERVICES**, as per specifications listed on this RFP. These proposals will be publicly opened via “ZOOM” at the stated time and date listed above.

ZOOM MEETING information:

Please join my meeting from your computer, tablet or smartphone.

<https://us02web.zoom.us/j/89122186043?pwd=VvkYkFBs7A3KcGarrHZUQabZjGP7yL.1>

MEETING ID: 891 2218 6043

PASSCODE: 363701

1.04 DELIVERY OF PROPOSALS

Proposals and all required supplemental material listed in Article III (*items to be submitted with Proposal Form*) must be electronically submitted in **PDF format only** through Trimble Unity Construct (E-Builder). Proposal documents submitted through Email or Fax will not be accepted or considered. **JAXPORT no longer accepts any bid packages submitted by mail or hand delivery.** Please visit the JAXPORT’s website at www.jaxport.com for more information and updates.

The PDF file name should read **“RFP 25-02”**. “How to Submit Your Bid Response in Trimble Unity Construct (E-Builder)” is provided as **“Attachment No. 2”**. Additional instructions on how to navigate in Trimble Unity Construct (E-Builder), click the below link to access the **“Bidders Portal Instructional Training Video”**:

<https://videos.trimble.com/construction/watch/NeQt4akFyjUaS6PhYeyQKw>

Bids must be submitted prior to 2:00 PM (ET), TUESDAY, MARCH 25, 2025. The submit button in Trimble Unity Construct (E-Builder) will deactivate at exactly 2:00:00 PM (ET) and you will not be permitted to submit your bid regardless of where you are in the process. Please plan accordingly.

It is the sole responsibility of the Proposer to have its Proposal submitted to JAXPORT as specified herein on or before the above date and time. For the purpose of the RFP, a proposal is considered delivered when confirmation of delivery is provided by Trimble Unity Construct (E-Builder) and all required documents have been uploaded. Proposers must ensure that its electronic submission in Trimble Unity Construct (E-Builder) can be assessed and viewed at the time of the proposal opening. JAXPORT will consider any file that cannot be immediately accessed and viewed at the time of the Bid Opening (including but not limited to, encrypted files, password protected files, or incompatible files) to be blank or incomplete, as context requires, and therefore, unacceptable. Bidders will not be permitted to unencrypt files, remove password protections, or resubmit documents after bid opening to make a file viewable if those documents are required with bid. All expenses for submitting Bids to JAXPORT are to be borne by the Bidder and will not be borne, charged to or reimbursed by JAXPORT in any manner or under any circumstance.

1.05 CONTRACT DOCUMENTS

The Contract Documents give the description of the work to be done under this Contract. The required qualifications of proposers, other technical information, applicable special conditions, term of the Contract and payment terms are also contained in these documents. The date, time and place of the receipt and opening of proposals are listed in Article 1.02 above.

1.06 EXAMINATION OF CONTRACT DOCUMENTS

The Proposer is required to carefully examine the sites of the work and the Contract documents. It will be assumed that the Proposer has investigated and is fully informed of the conditions, the character, and quality of work to be performed, any materials and equipment to be furnished, and of the requirements of the Contract documents.

1.07 OBLIGATION OF PROPOSERS

The Proposer must become fully aware of JAXPORT's requirements for the Contract. Failure to do so will not relieve a successful Proposer of its obligation to furnish the material, equipment and labor necessary to carry out the provisions of the Contract Documents and to complete the work at the prices proposed.

In addition, the Proposer will be held responsible for having examined the details of the proposed scope of work. The Proposer will use its personal knowledge and experience or professional advice as to the character of the proposed work and any other conditions surrounding and affecting the proposed work. The submittal of a Proposal will be construed as evidence that all Proposer obligations have been satisfied and no subsequent allowance will be made in this regard.

1.08 QUESTIONS & ADDENDUM

Any questions regarding this Request for Proposals (RFP) should be directed to **Terri Lemon-Scott, Contract Specialist** and submitted either by email to terri-lemon-scott@jaxport.com or submittal through Trimble Unity Construct (E-Builder). Answers to questions will be released on an Addendum directed to all known prospective proposers registered in the Trimble Unity Construct (E-Builder) website and advertised on JAXPORT's website under Active Solicitations at <https://www.jaxport.com/procurement/>

The deadline for questions will be FRIDAY, MARCH 7, 2025 by 4:00 PM (ET).

No interpretation of the meaning of the specifications or other Contract Documents, or corrections of any apparent ambiguity, inconsistency or error therein, will be made to any Proposer orally. Any request for such interpretations or corrections must be made in writing.

Any such request which is not received prior to the above deadline date for questions will not be considered. All such interpretations and supplemental instructions will be in the form of written Addendum to the Contract Documents, which if issued, will be e-mailed to all known prospective proposers. However, it is the responsibility of each Proposer, before submitting its Proposal, to contact Procurement Services at (904) 357-3065 to determine if any Addendum have been issued and to make such Addendum a part of its Proposal. Only the interpretation or correction

so given by JAXPORT in writing will be binding, and prospective proposers are advised that only JAXPORT will give information concerning, or will explain or interpret the RFP Documents.

1.09 PREPARATION OF PROPOSAL

- A. Proposal will be submitted via Trimble Unity Construct (E-Builder) Electronic Bid Submission per the attached Proposal Form (Article III). All blank spaces must be complete and all the item fields acknowledged prior to submittal. Only the Proposal Form and applicable additional information should be submitted. ***DO NOT SCAN AND SUBMIT ANY OTHER PORTIONS OF THE ORIGINAL JAXPORT PROPOSAL PACKAGE.***
- B. The uploaded Proposals shall contain **no more than twenty-five (25) pages** (excluding staff resumes, covers, required attachments and section separators). Text and figures shall be scanned/printed on 8½ by 11 paper only. Proposals should be prepared and uploaded in the order of the evaluation criteria detailed in Article IV, 4.05 of the RFP, and label each section according to the criteria.
- C. A list of all sub Proposers proposed that are an integral part of the proposal from a technical aspect must be included with detailed information as required in E below.
- D. Information included in a letter of transmittal may not be taken into consideration while reviewing proposals. Only specific project staff resumes (two (2) page limit) should be used. Resumes should not be included for staff that is not assigned to the project work.
- E. Clear statements of experience related to the scope of work should be included for the firm, its management and key staff members proposed. A list of references should also be included. The list of references must include a contact person, phone number, email address and a brief description of services performed.
- F. Included in the twenty-five (25) pages limitation, proposals must contain an Executive Summary of not more than three (3) pages that highlights each of the key areas of the proposal and that summarizes the Proposer's case as to why such proposal should be selected by JAXPORT. Emphasis should be on completeness and clarity of content and ease of locating responses to requested information.
- G. Any information thought to be relevant, but not applicable to the enumerated scope of services, should be uploaded as an Appendix to the Proposal. If publications "box copies" are supplied by a Proposer, the Proposal should include reference to a document number and/or page number of that Appendix material. Proposals not providing this reference will be considered to have no additional material to be considered during the evaluation process.
- H. Included in the twenty-five (25) pages limitation, the Proposer must submit an overall schedule of availability of personnel as such exists at that time. Any significant commitment of listed personnel which could conflict with their availability for this project should be clearly shown.
- I. An authorized representative shall sign the proposal. If an individual makes the Proposal, he or she must sign his or her name therein and state his or her address and the name and address of every other person interested in the Proposal as principal. If a firm or partnership makes the Proposal, the name and address of each member of the firm or partnership must be stated. If a corporation makes the Proposal, an authorized officer must sign the Proposal or agent, subscribing the name of the corporation with his or her own name and affixes the Corporate Seal. Such officer or agent must also state the name of the State, under which the corporation is chartered, and the names and business address of the President, Secretary and Treasurer. If applicable, also provide evidence of registration with the Secretary of State of the State of Florida for doing business in the State of Florida.
- J. Failure to submit all information requested will result in a proposal being considered "non-responsive," and therefore will be rejected.

1.10 RESPONSIBLE PROPOSER CRITERIA

In considering the responsibility of Proposers, JAXPORT will examine the following factors. Evaluation Criteria should be submitted in sufficient detail to allow proper evaluation of all proposals.

- A. Experience and Professional Accomplishments *(35 Points Maximum Score)*
- B. Strategic Financial Advisory Approach and Current Market Environment *(30 Points Maximum Score)*
- C. Quotation of Rates/Fees *(20 Points Maximum Score)*
- D. Marketing Approach *(10 Points Maximum Score)*
- E. Proximity to the Project *(5 Points Maximum Score)*

In this regard, JAXPORT reserves the right to reject any and all Proposals and to waive any non-conformance in Proposals received, whenever such rejection or waiver is in the best interest of JAXPORT.

Failure to provide requested information listed above may result in the Proposer being ruled non-responsive.

1.11 WITHDRAWAL OF PROPOSAL

Any Proposal may be withdrawn in Trimble Unity Construct (E-Builder) until the date and time set above for opening of the Proposals. Any Proposal not so withdrawn will, upon opening, constitute an irrevocable offer for one hundred eighty (180) days (or until one or more of the Proposals have been duly accepted by JAXPORT, whichever is earlier) to provide JAXPORT the services set forth in the attached specifications. JAXPORT action on Proposal normally will be taken within sixty (60) days of opening; however, no guarantee or representation is made as to the time between the proposal opening and the subsequent JAXPORT action.

1.12 DISQUALIFICATIONS OF PROPOSERS

Any of the following causes may be considered sufficient for the disqualification of a Proposer and rejection of the Proposal:

- A. Submission of more than one Proposal for the same work by an individual, firm, partnership or corporation under the same or different names. If a company has more than one division, only one Proposal may be submitted for the company.
- B. Evidence of collusion among Proposers.
- C. Incomplete work for which the Proposer is committed by contract which, in the judgment of JAXPORT, might hinder or prevent the Proposer with complying with the requested scope of services under this Contract if awarded to such Proposer.
- D. Being in arrears on any existing agreement with JAXPORT or having defaulted on a previous contract with JAXPORT. For purposes of this section, corporations, partnerships or companies, or firms or other business entities created for the purpose of shielding any individual, firm, Partnership Corporation, or other business entity from the application of this provision may be considered for disqualification.
- E. Items 'C' and 'D' above will be considered by JAXPORT after the opening of Proposals, and, if found to apply to any Proposer, JAXPORT will notify the Proposer that its Proposal will not be considered for an award of the Contract. The Proposer has five (5) business days to appeal in writing this decision to JAXPORT Chief Executive Officer, via Procurement Services, and the decision of the Chief Executive Officer will be final.
- F. Failure to provide the notarized forms, if any, required in the Proposal documents, and any other requirements listed in Article III.
- G. Failure to disclose any disciplinary actions taken or pending against the firm within the past three (3) years.

Minor irregularities that do not materially affect the Proposal may be waived at the sole discretion of JAXPORT.

1.13 NON-WARRANTY OF RFP INFORMATION

Due care and diligence have been exercised in the preparation of this RFP and all information contained herein is believed to be substantially correct. However, the responsibility for determining the full extent of the exposures to risk and verification of all information herein shall rest solely with those making proposals. JAXPORT and its representatives shall not be responsible for any error or omission in the RFP.

1.14 CONTINGENCY FEES PROHIBITED

By submitting a proposal in response to this RFP, the Proposer warrants that it has not employed or retained a company or person, other than a bonafide employee or sub proposer, working in its employ, any fee, commission, percentage, gift or other consideration contingent upon or resulting from the award of making a contract with JAXPORT.

1.15 REJECTIONS OF IRREGULAR PROPOSALS

Proposals will be considered irregular and may be rejected if they show omissions, alterations of form, additions not called for, conditions, limitations, unauthorized alternate proposals or other irregularities of any kind. JAXPORT reserves the right to waive any non-conformance or irregularities of proposals, or to reject any or all proposals, in whole or in part, whenever such non-conformance or irregularities are minor and such action is deemed to be in the best interest of JAXPORT.

In this regard, JAXPORT reserves the right to reject any and all Proposals, in whole or in part, and to waive any non-conformance or any other irregularities received in said proposal, to reject any and all request for proposals and to accept the proposal which in its judgment will be in the best interest of JAXPORT.

1.16 PUBLIC ENTITY CRIME

Pursuant to Chapter 287 of the Florida Statutes, Proposers are required to complete and submit with their proposals a Sworn Statement Pursuant to Section 287.133 (3) (a), Florida Statutes, on Public Entity Crimes. **Form PEC is provided as “Exhibit B”** for that purpose and must be included with the proposal form at the time proposals are submitted.

A person or affiliate placed on the convicted vendor list following a conviction for a public entity crime is prohibited from doing any of the following for a period of 36-months from the date of being placed on the convicted vendor list:

- Submitting a proposal on a contract to provide any goods or services to a public entity;
- Submitting a proposal on a contract with a public entity for the construction or repair of a public building or public work;
- Submitting proposals on leases of real property to a public entity;
- Being awarded or performing work as a Proposer, supplier, sub Proposer, or Proposer under a contract with any public entity; and
- Transacting business with any public entity in excess of Category Two threshold amount (\$35,000) provided in section 287.017 of the Florida Statutes.

1.17 DISCRIMINATORY VENDOR LIST

An entity or affiliate placed on the discriminatory vendor list pursuant to section 287.134 of the Florida Statutes may not:

- Submit a proposal on a contract to provide any goods or services to a public entity;
- Submit a proposal on a contract with a public entity for the construction or repair of a public building or public work;
- Submit proposals on leases of real property to a public entity;
- Be awarded or perform work as a contractor, supplier, subcontractor, or Contractor under a contract with any public entity; or
- Transact business with any public entity.
- To view a current list, visit:

http://www.dms.myflorida.com/business_operations/state_purchasing/vendor_information/convicted_suspended_discriminatory_complaints_vendor_lists

1.18 PROPOSERS REPRESENTATION AND AUTHORIZATION

In submitting a proposal, each Proposer understands, represents, and acknowledges the following (if the Proposer cannot certify to any of the following, the Proposer shall submit with its response a written explanation of why it cannot do so).

- The Proposer is not currently under suspension or debarment by the State or any other governmental authority.
- To the best of the knowledge of the person signing the proposal documents, the Proposer, its affiliates, subsidiaries, directors, officers, and employees are not currently under investigation by any governmental authority and have not in the last ten (10) years been convicted or found liable for any act prohibited by law in any jurisdiction, involving conspiracy or collusion with respect to bidding on any public contract.
- Proposer has not, within the last five (5) years, had a delinquent obligation to the State or any other governmental authority, including a claim for liquidated damages under any other contract.
- The proposal submission is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive response.
- The prices and amounts have been arrived at independently and without consultation, communication, or agreement with any other respondent or potential respondent; neither the prices nor amounts, actual or approximate, have been disclosed to any Proposer or potential Proposer, nor they will not be disclosed before the solicitation proposal opening.
- The Proposer has fully informed JAXPORT in writing of all convictions of the firm, its affiliates (as defined in section 287.133(1)(a) of the Florida Statutes), and all directors, officers, and employees of the firm and its affiliates for violation of state or federal antitrust laws with respect to a public contract for violation of any misrepresentation with respect to a public contract. This includes disclosure of the names of current employees who were convicted of contract crimes while in the employ of another company.
- The product(s) offered by the Proposer will conform to the specifications without exception.
- The Proposer has read and understands the Contract terms and conditions, and the submission is made in conformance with those terms and conditions.
- If an award is made to the Proposer, the Proposer agrees that it intends to be legally bound to the Contract that is formed with the JAXPORT.
- The Proposer has made a diligent inquiry of its employees and agents responsible for preparing, approving, or submitting the response, and has been advised by each of them that he or she has not participated in any communication, consultation, discussion, agreement, collusion, act or other conduct inconsistent with any of the statements and representations made in the response.
- The Proposer shall indemnify, defend, and hold harmless JAXPORT and its employees against any cost, damage, or expense which may be incurred or be caused by any error in the respondent's preparation of its proposal.
- All information provided by, and representations made by, the Proposer are material and important and will be relied upon by JAXPORT in awarding the Contract. Any misstatement shall be treated as fraudulent concealment from JAXPORT of the true facts relating to submission of the proposal. A misrepresentation shall be punishable under law, including, but not limited to, Chapter 817 of the Florida Statutes.
- That the Proposer has carefully examined the Scope of Services and that from his/her investigations has been satisfied as to the nature and location of the work, the kind and extent of the services needed for the performance of the work, the general and local conditions, all difficulties to be encountered, and all other items which in any way affect the work or its performance.
- That the Proposer is in full compliance with all Federal, State, and local laws and regulations and shall fully comply with the same during the entire term of the contract.

1.19 E-VERIFY PROGRAM FOR EMPLOYMENT VERIFICATION

Proposers are required to complete and submit with their proposals an E-Verify Acknowledgement and Acceptance Form. **Form is provided as “Exhibit C”.** The successful proposer agrees to utilize the U.S. Department of Homeland Security’s E-Verify system to verify the employment eligibility of all new employees hired by the contractor during the term of this contract. Successful proposers must include in all subcontracts the requirement that subcontractors performing work or providing goods and services utilize the E-Verify system to verify the employment eligibility of all new employees hired by the subcontractor during the contract term. The successful proposer further agrees to maintain records of its participation and compliance and its subcontractor’s participation and compliance with the provisions of the E-Verify program, and to make such records available to JAXPORT upon request. Failure to comply with this requirement will be considered a material breach of the contract.

1.20 NON-DISCRIMINATION PROVISIONS

The Proposer will have all state, county and local licenses and permits as may be required by law to perform the described services. The Proposer agrees to comply with all applicable Federal, State and local laws, including the Civil Rights Act 1964, as amended. The Equal Employment Opportunity Clause in Section 202 paragraph 1 through 7 of Executive Order 11246, as amended, relative to Equal Employment and the implementing Rules and Regulations of the Office of Federal Contract Compliance Programs are incorporated herein by specific reference. The Affirmative Action Clause in Section 503 of the Rehabilitation Act of 1973, as amended, relative to Equal Opportunity for the disabled is incorporated herein by specific reference.

The Affirmative Action Clause in 38 USC Section 2-12 of the Vietnam Veterans' Readjustment Assistance Act of 1974, relative to Equal Employment Opportunity for the special disabled veteran and veterans of the Vietnam Era, is incorporated herein by specific reference.

1.21 PUBLIC MEETING REQUIREMENTS

JAXPORT is required to comply with Section 286.011 of the Florida Statutes. Therefore, Evaluation Committee meetings and meetings of the Awards Committee are required to be held in public with sufficient notice made of the time and date of the meeting. All notices of public meetings are posted in the lobby of the Jacksonville Port Authority, 2831 Talleyrand Avenue, Jacksonville, FL 32206 and on JAXPORT’s website at www.jaxport.com.

1.22 PUBLIC RECORDS

In accordance with Section 119.0701, Florida Statutes, the Contractor shall:

- (a) Keep and maintain public records required by the JAXPORT to perform the services; and
- (b) Upon request from the JAXPORT’s custodian of public records, provide the JAXPORT with a copy of the requested records or allow records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided for in Chapter 119, Florida Statutes, or as otherwise provided by law; and
- (c) Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the Contract term and following completion of this Contract if Contractor does not transfer the records to the JAXPORT; and
- (d) Upon completion of this Contract, transfer to the JAXPORT at no cost all public records in possession of Contractor or keep and maintain public records required by the JAXPORT to perform the service. If Contractor transfers all public records to the JAXPORT upon completion of this Contract, Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If Contractor keeps and maintains public records upon completion of this Contract, Contractor shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the JAXPORT upon request from either JAXPORT’s custodian of public records in a format that is compatible with the JAXPORT’s information technology systems.

The above requirements apply to a “Contractor” as defined in Section, 119.0701, Florida Statutes.

IF CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR’S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE JAXPORT’S CUSTODIAN OF PUBLIC RECORDS AT (904) 357-3091 public.records@jaxport.com; JACKSONVILLE PORT AUTHORITY, PUBLIC RECORDS REQUEST, 2831 TALLEYRAND AVENUE, JACKSONVILLE, FLORIDA 32206.

1.23 PROTEST PROCEDURES

Respondents shall file any protest regarding this RFP in writing, in accordance with JAXPORT’s Protest Procedures promulgated on SOP-1215 Procurement Code for the Jacksonville Port Authority, available at <https://www.jaxport.com/procurement>

1.24 EX-PARTE COMMUNICATION PROHIBITED

JAXPORT believes that any ex-parte communication concerning the solicitation, evaluation, and selection process denies all firms submitting proposals fair, open, and impartial consideration. Adherence to procedures which ensure fairness is essential to the maintenance of public confidence in the value and soundness of the important process of public procurement of professional services. Therefore, during the solicitation, evaluation, and selection process, any ex-parte communication between a firm, its employees, agents, or representatives; and JAXPORT, its members, employees, agents, legal counsel, or representatives; other than JAXPORT’s designated representative identified herein, is strictly prohibited. Failure to observe this requirement shall result in rejection of a firm’s proposal. For purposes of this section, the term “ex-parte communication” shall mean any oral or written communication relative to this solicitation, evaluation, and selection process, which occurs outside of an advertised public meeting, pursuant to Section 285.011, Florida Statutes.

This requirement shall not prohibit:

- A. Meetings called or requested by JAXPORT and attended by Proposers/Firms for the purpose of discussing this solicitation, evaluation, and selection process, including, but not limited to, substantive aspects of this RFP;
- B. The addressing of any elected or appointed governing authority of JAXPORT at public meetings advertised and conducted pursuant to, and in compliance with, Section 285.011, Florida Statutes;
- C. The filing and prosecution of a written protest to any proposed award to be made pursuant to this solicitation, evaluation, and selection process, which filing and prosecution shall give notice to all firms. Protest proceedings shall be limited to open public meetings with no ex-parte communication outside those meetings;
- D. Contacts with elected or appointed officials of JAXPORT.

1.25 EXECUTION OF THE CONTRACT

Within twenty (20) days after Notice of Award, the successful Proposer will furnish the required certificates of insurance and any other requirements and enter into a formal agreement with JAXPORT. Failure to execute the Agreement as provided in these documents within twenty (20) days from the date of Notice of Award may be just cause, unless such failure has been caused by JAXPORT, for JAXPORT to annul and void the award. Award may then be made to another Proposer, or the contract may be re-advertised, as in the best interest of both entities. No award will be binding upon JAXPORT until the agreement has been executed by all appropriate parties.

1.26 ARTICLE/SECTION HEADINGS

Article or Section headings offering herein are inserted for convenience only, or reference only, and will in no way be construed to be interpretation of the text of this RFP.

1.27 ORDER OF PRECEDENCE

In the event of any conflict between the provisions of the Contract, the provisions of JAXPORT'S Request for Proposal, referred and incorporated in the Contract, said provisions will be given preference in the following order: 1) Amendments to Contract; 2) Contract **25-02**; 3) Addendum to Proposal; 4) JAXPORT'S Request for Proposal **25-02**; and 5) Proposer's Proposal.

1.28 VENUE

The venue of any legal action brought by or filed against JAXPORT relating to any matter arising under this RFP will be exclusively in the appropriate court, sitting in Duval County, Florida that has jurisdiction over such legal action. This RFP will be governed by and interpreted under the laws of the State of Florida.

1.29 ENTIRE AGREEMENT

This RFP is the entire agreement of the Parties and the Parties are not bound by any stipulations, representations, agreements, or promises, oral or otherwise, not printed or inserted in this RFP. Proposer agrees that no representations have been made by JAXPORT to induce the Proposer to enter into this RFP other than as expressly stated in this RFP. This RFP can neither be changed orally, nor by any means other than by written amendments expressly referencing this RFP and signed by all Parties hereto.

1.30 TAX EXEMPT

JAXPORT is exempt from State of Florida sales tax. The tax-exempt number is 85-8012544323C-8.

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ARTICLE II GENERAL CONDITIONS FINANCIAL ADVISORY SERVICES

2.01 DEFINITIONS

JAXPORT - The Jacksonville Port Authority.

PROPOSAL - The approved forms on which the Proposer is to submit, or has submitted, its charges for the work contemplated.

CONTRACT - The contract consists of the document labeled “Request for Proposal for **FINANCIAL ADVISORY SERVICES** for the Jacksonville Port Authority”, **RFP 25-02** and any Addendum issued before the execution of the Contract; Proposer’s Proposal; and any Modification issued after execution of the Contract. A Modification is a written amendment to the Contract signed by both Parties. The order of precedence of contract documents will be as specified in Article 1.27.

CONTRACTING OFFICER - Designated JAXPORT individual who provides JAXPORT Inspector(s) with Contract information and monitors the administration of the Contract to ensure compliance with terms by both JAXPORT and the Proposer. The Contracting Officer is the only individual authorized to make Contract modifications. The Contracting Officer will be the Director of Procurement Services.

PROPOSER - Any individual, firm or corporation entering into a Contract to perform the Scope of Services for JAXPORT.

PROPOSER'S REPRESENTATIVE(S) - Individual(s) designated in writing by the Proposer at the time of contract award as the only individual(s) authorized to act for the Proposer in all matters, including change orders, modifications to contract terms, quoting of services and provision of estimates for additional services not stated in the scope of services.

2.02 SCOPE OF SERVICES

The work to be performed under this Contract is specified in Article IV, Scope of Services, with work to be performed as specified. JAXPORT, without invalidating the Contract, may order extra work or make changes by altering, adding to, or deducting from the work, and the Contract will be adjusted accordingly, based on a mutually agreed upon negotiated fee. Changes in the work and the contract fees may only be changed by prior written agreement executed by the parties with proper authorization to do so.

2.03 TERM OF CONTRACT

The term of the agreement for these services is intended to be for an initial period of **three (3) years, with three (3) additional, one (1) year renewal options** made at the sole discretion of JAXPORT. JAXPORT will award this contract to one (1) Proposer, who will be the designated Prime Proposer and who will be the single point of contact and will be fully responsible for providing **FINANCIAL ADVISORY SERVICES** to JAXPORT.

2.04 AWARD OF CONTRACT

This is an evaluated contract and JAXPORT intends to award a contract to one (1) Proposer receiving the *highest* number of points by submitting the most responsive and responsible proposal that, when evaluated, is deemed to be in the best interest of both entities. JAXPORT will be the sole judge of which proposal is ultimately determined to be in their best interest and its decision will be final. Only those proposals received in a timely manner from Proposers who can provide evidence that they are fully competent, have the requisite experience, organizational and financial capabilities will be considered. JAXPORT reserves the right to accept or reject any or all proposals. JAXPORT assumes no obligation or commitment to make an award to any person or firm submitting a proposal.

At the discretion of JAXPORT's Evaluation Committee, selected Proposers that are determined to be best qualified based upon the evaluation of written responses, may be invited to make presentations of their experience and approach prior to final selection. Such interviews or presentations will be scheduled at JAXPORT's convenience. JAXPORT will not be liable for any costs incurred in connection with such interviews and/or presentations. JAXPORT is not required to contact a Proposer to obtain additional information to evaluate the Proposal.

JAXPORT will make an award based on a Proposer's ability to meet both entities needs and requirements, based on the Responsible Proposer Criteria as shown in **Article 4.05**. Factors used to evaluate each Proposer's response, as well as the weight attributed to each of the factors will vary for each category and are listed in the **Evaluation Matrix - "Attachment No. 1."**

2.05 ESCALATION / DE-ESCALATION

All pricing submitted shall remain firm for the initial term period. Upon renewal (if applicable), a supplier may submit in writing a request for price escalation/de-escalation based on the average of the previous 12 months percentage of change as listed in the Purchase Price Index related to the industry represented or Consumer Price Index (whichever is appropriate as determine by JAXPORT). JAXPORT reserves the right to decline any price increase request or limit the percentage rate.

2.06 CERTIFICATION/PROPOSER QUALIFICATIONS

Proposer must be a qualified and licensed Firm and have current experience in providing the types of professional services required under this Request for Proposal (RFP). The Proposer must become fully aware of the technical specifications, failure to do so will not relieve a successful proposer of its obligation to provide JAXPORT's requirements for the contract at the price submitted and in accordance with all specifications, terms, conditions and the delivery stated on this RFP.

2.07 PAYMENT

- A. All invoices will reference the Contract No. **25-02**. A copy will be emailed to:

accounts.payable@jaxport.com

or mailed to:

Jacksonville Port Authority
Attn: Accounts Payable
P.O. Box 3005
Jacksonville, FL 32206-3496

- B. Invoices will be processed following normal JAXPORT payment terms, which are **thirty (30) days net after receipt of an approved invoice**. Special or early payments will not be authorized.
- C. **No payments will be made for per diem charges or travel expenses without prior approval of JAXPORT and in accordance with JAXPORT's Travel Procedures and Guidelines as per attached EXHIBIT D.** The Prime Proposer and any subcontractor must secure written approval from JAXPORT prior to any travel, if the Proposer intends to bill JAXPORT for these expenses.

2.08 RESPONSIBILITIES OF THE PROPOSER

- A. A post award conference, at JAXPORT, will be scheduled after the Contract is awarded, this is when the Proposer will be asked to furnish the certificates of insurance, copies of licenses and other items required by JAXPORT.
- B. The Proposer will provide services as described in the Contract upon receipt of Notification of Award issued by JAXPORT.
- C. The Proposer is responsible for product quality, timely delivery, and responsiveness as listed in Article IV – Scope of Services.

- D. The Proposer will remain liable for all damages to, or incurred by, JAXPORT caused by the Proposer's negligent performance of any of the services furnished under this Contract.
- E. The Proposer represents that it is an independent Proposer and not an employee of JAXPORT, nor are any of Proposer's employees performing services in furtherance of this Contract to be considered employees of JAXPORT. The Proposer is responsible for any federal or state taxes applicable to this Contract and for complying with the requirements of all federal and state laws about income tax withholding, unemployment insurance and other insurance applicable and necessary for its employees. Employees of the Proposer will not be eligible for any Federal Social Security, State Worker's Compensation or unemployment insurance under this Contract except as employees of the Proposer.
- F. The Proposer will designate in writing a qualified person(s) to act as its designated representative. The Proposer's Representatives(s) will have authority to act for the Proposer in all matters covered by this Contract.
- G. The Proposer will notify JAXPORT Contact in writing, prior to affecting a personnel change concerning the professional personnel assigned to the Contract. JAXPORT will have the right to reject any personnel assigned to perform work under this Contract.
- H. All personnel employed by the Proposer will be competent, trustworthy and properly trained. The Proposer and its employees will be required to comply with all the applicable regulations of JAXPORT.

2.09 RESPONSIBILITIES OF JAXPORT

- A. At the post award conference, JAXPORT will provide a list of personnel, with phone numbers, who are designated as JAXPORT representatives.
- B. JAXPORT will promptly notify the Proposer, or its designated representative(s), of any problem encountered during the Contract term and will arrange for a meeting to resolve issues.
- C. JAXPORT will provide timely processing of Proposer's invoices, if all the terms of the Contract have been met. In cases where Contract procedures were not followed, every attempt will be made to reach an agreement acceptable to both parties, but JAXPORT will not be liable for costs billed by the Proposer in violation of Contract terms.

2.10 INDEMNIFICATION

Any Contract resulting from this Request for Proposal will include the following provisions:

To the fullest extent permitted by law, the Proposer agrees to indemnify, defend and hold harmless JAXPORT, its officers, agents, volunteers, and employees from and against all claims, damages, losses, and expenses, including but not limited to all fees and charges of engineer(s), architect(s), attorney(s) and other professional(s), court costs, or other alternative dispute resolution costs arising out of, resulting from, or otherwise but for the performance or furnishing of Proposer's work or services under this Request for Proposal; provided that any such claim, damage, loss or expense is attributable to bodily injury, sickness, disease, death or personal injury, or property damage, including the loss of use or diminution in value resulting there from; but only to the extent caused in whole or in part by the actual or alleged negligent acts, errors, or omissions of Proposer, Proposer's Subcontractor(s) or anyone directly or indirectly employed or hired by Proposer, or anyone for whose acts Proposer may be liable. JAXPORT reserves the right, but not the obligation, to participate in defense without relieving Proposer of any obligation hereunder.

2.11 INSURANCE

Prior to commencing Work, Contractor shall furnish Owner, at its sole expense during the life of the contract, with Certificates of Insurance (COI), and copies of required Endorsements and Forms, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements as set forth below.

Additional Insured Endorsement must be submitted with COI document.

Owner shall be included as an additional insured under the Commercial General Liability policy for on-going and completed operations.

Primary & Non-Contributory Endorsement must be submitted with COI document.
Contractors CGL coverage must be Primary and Non-Contributory.

Waiver of Subrogation is required for Workers Compensation, CGL, and Auto Liability.
Waiver of Subrogation Form must be submitted with COI document.

1. WORKERS' COMPENSATION/EMPLOYERS' LIABILITY

Part One – There shall be no maximum limit (other than as limited by the applicable statute) for liability imposed by the Florida Workers' Compensation Act, or any other coverage required by the contract documents, which are customarily insured under Part One of the standard Workers' Compensation Policy.

Part Two – The minimum amount of coverage required by the contract documents which are customarily insured under Part Two of the standard Workers' Compensation Policy shall be:

- \$100,000 (Each Accident)
- \$500,000 (Disease-Policy Limit)
- \$100,000 (Disease-Each Employee)

2. COMMERCIAL GENERAL LIABILITY

Commercial General Liability Policy with the following minimum limits:

General Aggregate	\$2,000,000
Products Completed & On-going Operations Aggregate	\$1,000,000
Personal and Advertising Injury, Each Occurrence	\$1,000,000
Bodily injury and Property Damage (each occurrence)	\$1,000,000

3. BUSINESS AUTO POLICY

Limit no less than \$1,000,000 per accident for bodily injury and property damage.

Covering any auto (code 1)

If contractor has no owned autos, hired (Code 8)

Non-owned autos (Code 9)

Failure of Contractor to maintain the required insurance shall constitute a default under this Agreement and, at Owner's option, shall allow Owner to terminate this Agreement.

4. UMBRELLA LIABILITY

\$1,000,000 per Occurrence; \$2,000,000 Aggregate

Minimum underlying coverages shall include Commercial General Liability, Automobile liability and Contractors Pollution Liability.

5. PROFESSIONAL LIABILITY

The Proposer's / Consultant's insurance shall be on a form acceptable to JPA, and shall cover the Proposer / Consultant for those sources of liability arising out of the rendering or failure to render professional services in the performance of this Agreement, including any hold harmless and/or indemnification agreement.

The minimum limits to be maintained by the Proposer / shall be \$1,000,000 per occurrence or claim, and \$1,000,000 in the aggregate. The Proposer / Consultant shall provide and maintain such professional liability insurance from the inception of its services, and until at least three (3) years after completion of all services required under this Agreement. Prior to commencement of services, the Proposer / Consultant shall provide to JPA a certificate or certificates of insurance, signed by an authorized representative of the insurer(s) evidencing the insurance coverage specified in the foregoing Articles and Sections. The required certificates shall not only name the types of policies provided, but shall also refer specifically to this Agreement and Article, and to the above paragraphs in accordance with which insurance is being furnished, and shall state that such insurance is provided as required by such paragraphs of this Agreement.

Cross-Liability Coverage: If Contractor's liability policies do not contain the standard ISO separation of insured's provision, or a substantially similar clause, they shall be endorsed to provide cross-liability coverage.

Sub-Contractor's Insurance: Contractor shall cause each subcontractor employed by Contractor to purchase and maintain insurance of the type specified in this agreement. When requested by Owner, Contractor shall furnish to Owner copies of certificates of insurance evidencing coverage for each subcontractor.

Failure of Contractor to maintain the required insurance shall constitute a default under this Agreement and, at Owner's option, shall allow Owner to terminate this Agreement.

Failure of Owner to demand such certificate or other evidence of full compliance with these insurance requirements, or failure of Owner to identify a deficiency from evidence that is provided, shall not be construed as a waiver of Contractor's obligation to maintain such insurance.

No Representation of Coverage Adequacy: By requiring the insurance as set out in this Agreement, Owner does not represent that coverage and limits will necessarily be adequate to protect Contractor, and such coverage and limits shall not be deemed as a limitation on Contractor's liability under the indemnities provided to Owner in this Subcontract.

If the Contractor/Consultant maintains broader coverage and/or higher limits than the minimums shown above, the Owner requires and shall be entitled to the broader coverage and/or the higher limits maintained by the contractor/consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Owner.

2.12 PERMITS AND LICENSES

All licenses necessary to carry out the delivery will be secured and paid for by the Proposer and remain in effect throughout the duration of the Contract. If the Proposer allows unlicensed personnel to perform work on JAXPORT facilities, the Contract will be terminated immediately.

2.13 PERFORMANCE BOND REQUIREMENT – *Not Required*

2.14 TERMINATION FOR DEFAULT

If through any cause within the reasonable control of the successful Proposer/Firm, it shall fail to fulfill in a timely manner, or otherwise violate any of the covenants, agreements, or stipulations material to the Agreement, JAXPORT shall thereupon have the right to terminate the services then remaining to be performed by giving written notice to the successful Proposer of such termination which shall become effective upon receipt by the successful Proposer of the written termination notice.

In that event, JAXPORT shall compensate the successful Proposer in accordance with the Agreement for all services performed by the Proposer prior to termination, net of any costs incurred by JAXPORT as a consequence of the default.

Notwithstanding the above, the successful Proposer shall not be relieved of liability to JAXPORT for damages sustained by JAXPORT by virtue of any breach of the Agreement by the Proposer, and JAXPORT may reasonably withhold payments to the successful Proposer for the purposes of set off until such time as the exact amount of damages due to JAXPORT from the successful Proposer is determined.

2.15 TERMINATION FOR CONVENIENCE

JAXPORT may, for its convenience, terminate the services then remaining to be performed at any time without cause by giving written notice to successful Proposer of such termination, which shall become effective thirty (30) days following receipt by Proposer of such notice. In that event, all finished or unfinished documents and other materials shall be properly delivered to JAXPORT. If the Agreement is terminated by JAXPORT as provided in this section, JAXPORT shall compensate the successful Proposer in accordance with the Agreement for all services actually performed by the successful Proposer and reasonable direct costs of successful Proposer for assembling and delivering to JAXPORT all documents. No compensation shall be due to the successful Proposer for any profits that the successful Proposer expected to earn on the balance of the Agreement. Such payments shall be the total extent of JAXPORT's liability to the successful Proposer upon a termination as provided for in this section.

2.16 ASSIGNMENT

Due to the additional administrative burden placed on JAXPORT, the Proposer will not assign or otherwise transfer its rights under the Contract, without the express written consent of JAXPORT.

2.17 FORCE MAJEURE

- A. Performance of this RFP by both JAXPORT and the Proposer will be pursued with due diligence in all requirements hereof; however, neither JAXPORT nor the Proposer will be considered in default in the performance of its obligations under this RFP to the extent that such performance is prevented or delayed by causes not within the control of either Party and not foreseeable or, if foreseeable cannot be avoided by the exercise of reasonable care, including, but not limited to, acts of civil or military authority (including but not limited to courts or administrative agencies); acts of God; war; riot; insurrection; inability to secure approval, validation or sale of bonds; inability to obtain any required permits, licenses or zoning; blockades; embargoes; sabotage; epidemics; pandemics; endemics; fires; floods; strikes; lockouts; or collective bargaining. Upon any delay resulting from such cause the time for performance of each Party hereunder (including the payment of monies if such event prevents payment) will be extended for a period necessary to overcome the effect of such delays.
- B. In case of any delay or nonperformance caused by the above causes, the Party effected will promptly notify the other in writing of the nature, cause, date of commencement and the anticipated extent of such delay, and will indicate the extent, if any, to which it is anticipated that any delivery or completion dates will be affected by that.

2.18 NON-WAIVER

Failure by either Party to insist upon strict performance of any of the provisions of this RFP will not release either Party of any of its obligations under the RFP.

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**ARTICLE III
PROPOSAL FORM
FINANCIAL ADVISORY SERVICES**

PROPOSER'S NAME: _____

The following checklist is provided for convenience. The Proposer should carefully review the submittal requirements in the RFP and submit all information requested.

1. Proposal Form (*Article III, Page A3-1 to A3-2*)
2. Experience and Professional Accomplishments;
3. Strategic Financial Advisory Approach and Current Market Environment;
4. Quotation of Rates/Fees;
5. Marketing Approach;
6. Proximity to the Project;
7. Evidence that the Firm is Licensed to do Business in the State of Florida
8. Acknowledgement of Addenda (*if any*)
9. Conflict of Interest Certificate (Exhibit "A")
10. Sworn Statement of Public Entity Crimes (Exhibit "B")
11. E-Verify Compliance Form (Exhibit "C")

PROPOSER'S CERTIFICATION

1) Certification and Representations of the Proposer

By signing and submitting a proposal, the Proposer certifies and represents as follows:

- A. That it has carefully examined all available records and conditions, including sites if applicable, and the requirements and specifications of these Contract Documents prior to submitting its Proposal. Where the Proposer visits sites, no work or other disturbance is to be performed while at the site without written permission by JAXPORT in advance of the site visit.
- B. That every aspect of its submitted Proposal, including the Contract Price, are based on its own knowledge and judgment of the conditions and hazards involved, and not upon any representation of JAXPORT. JAXPORT assumes no responsibility for any understanding or representation made by any of its representatives during or prior to execution of the Contract unless such understandings or representations are expressly stated in the Contract and the Contract expressly provides that JAXPORT assumes the responsibility.
- C. That the individual signing the proposal is a duly authorized agent or officer of the firm. Proposals submitted by a corporation must be executed in the corporate name by the President or Vice President. If an individual other than the President or Vice President signs the proposal, satisfactory evidence of authority to sign must be submitted with the proposal. If the proposal is submitted by a partnership, the proposal must be signed by a partner whose title must appear under the signature. If an individual other than a partner signs the proposal, satisfactory evidence of authority to sign must be submitted with the proposal. The corporation or partnership must be in active status at the Florida Division of Corporations at the time of submission of the proposal.
- D. That the firm maintains in active status any and all licenses, permits, certifications, insurance, bonds and other credentials including not limited to Contractor's license and occupational licenses necessary to perform the

services. The Proposer also certifies that, upon the prospect of any change in the status of applicable licenses, permits, certifications, insurances, bonds or other credentials, the Proposer shall immediately notify JAXPORT of status change.

- E. That it read understands and will comply with Article 1.16, Public Entity Crime “Exhibit B” and Conflict of Interest Certificate “Exhibit A” of these instructions to Proposers.

PROPOSER’S ATTESTATION

Initials: _____ **Date:** _____ I hereby attest, as the Bidder’s authorized agent, that Firm is not owned, an affiliate of, or substantially controlled or influenced by the government of a foreign country of concern as defined below.

Under Florida Statutes, JAXPORT, like all state agencies and local government entities, is prohibited from entering into any contract or agreement with a foreign country of concern, which has been defined as “the People’s Republic of China, the Russian Federation, the Islamic Republic of Iran, the Democratic People’s Republic of Korea, the Republic of Cuba, the Venezuelan regime of Nicolás Maduro, or the Syrian Arab Republic, including any agency of or any other entity of significant control of such foreign country of concern.”

PROPOSER’S ACKNOWLEDGEMENT

I hereby acknowledge, as Proposer’s authorized agent, that I have fully read and understand all terms and conditions as set forth in this Proposal, I have met the minimum requirements (**See Article IV, Paragraph 4.02**), and will fully comply with such terms and conditions.

Date: _____

Company Name: _____

Proposer is a (*check one*): _____ Corporation _____ Partnership _____ Individual

Authorized Agent’s Name: _____

Authorized Agent’s Signature: _____

Authorized Agent’s Title: _____

Authorized Agent’s Email Address: _____

Telephone Number: _____ Fax Number: _____

Federal Identification Number : _____

Remittance Address: _____

City: _____ State: _____ Zip Code: _____

Failure to provide above information may be grounds for rejection of Proposal.

**REQUEST FOR PROPOSAL 25-02
FINANCIAL ADVISORY SERVICES**

NO PROPOSAL FORM

If your firm cannot submit a proposal at this time, please provide the information requested in the space provided below and return it to:

**Jacksonville Port Authority
Procurement Services
FAX: (904) 357-3077**

OR

terri.lemon-scott@jaxport.com

We are unable to submit a proposal at this time due to the following reasons:

Name of Firm: _____

Signature: _____

Printed Name: _____

Title: _____

Telephone Number: _____ Email: _____

Address: _____

City: _____ State: _____ Zip Code: _____

ARTICLE IV SCOPE OF SERVICES

FINANCIAL ADVISORY SERVICES

4.01 GENERAL OVERVIEW

The Jacksonville Port Authority (JAXPORT) is a full-service international trade seaport located in the Southeastern United States and is the global gateway to the State of Florida, the third most populous state in the nation.

JAXPORT owns, maintains and markets three cargo terminals, two intermodal rail terminals and one passenger cruise terminal along the St. Johns River.

JAXPORT and its maritime partners handle a variety of cargoes, including:

- containerized freight
- automobiles, recreational boats and construction equipment (roll-on roll-off or Ro/Ro)
- breakbulk commodities
- dry and liquid bulks and
- over-sized and specialty cargoes.

JAXPORT's three marine terminals handled more than 10 million tons of cargo in 2024, including 1.3 million TEUs (containers) – making Jacksonville the largest container handling port in Florida – and 500,000+ vehicles, ensuring JAXPORT's ranking as one of the top vehicle ports in the U.S.

JAXPORT features 22 container cranes, warehousing, Foreign Trade Zone status and intermodal connections enhanced through its two container rail yards. To help speed goods to market, shippers can take advantage of Jacksonville's location at the crossroads of three major railroads (CSX, Norfolk Southern and Florida East Coast Railway) and three interstate highways (I-95, I-10, and I-75).

Cargo activity through the Port of Jacksonville generates 206,000+ jobs in Florida and supports \$33 billion in annual economic output for the region and state.

JAXPORT's Vision

JAXPORT will be a global leader in diversified trade and supply chain solutions, focused on efficiency and fiscal integrity.

JAXPORT's Mission

Creating jobs and opportunity by offering the most competitive environment for the movement of cargo and people in a safe and secure workplace.

4.02 MINIMUM QUALIFICATIONS

- A minimum five (5) years of Financial Advisory Services
- A demonstrated knowledge of Financial Advisory services being performed for Ports or other governmental entities similar in scope and size of JAXPORT.

4.03 SCOPE OF SERVICES – FINANCIAL ADVISORY SERVICES

JAXPORT is interested in engaging the services of a qualified and experienced firm for Financial Advisory Services which may include but are not limited to the following:

- A. Evaluating JAXPORT's bonding capacity and available revenues to determine if JAXPORT should proceed with any plans to issue revenue bonds or other securities.
- B. Analyze the financial and economic environment relating to JAXPORT in regard to the issuance of any proposed debt instrument.
- C. Provide advice and assistance regarding the feasibility of issuing debt including the evaluation of the various types of debt instruments as they relate to JAXPORT's cash flow and overall debt structure.
- D. Advise and inform JAXPORT regarding any potential refunding opportunities of existing debt, including, but not limited to current, advanced, and forward refunding of bonds.

4.03.1 Issuance of Bonds – Services to be provided by the Proposer in regard to the issuance of bonds shall include, but are not limited to the following:

- A. Advise and assist JAXPORT in determining the most advantageous method of structuring the bond offering, including the financing structure, principal amount, call and put features, premiums, and legal coverage requirements.
- B. Advise and assist JAXPORT in determining the most effective way of marketing the bonds, including, but not limited to, methods of enhancing ratings, bond covenants, pledge of revenues, reserve funds, and timing of the issue.
- C. Determine whether the sale of bonds should be through competitive bid or negotiated sale.
- D. Develop a timetable for bond offering.
- E. Coordinate work between JAXPORT's attorneys, JAXPORT personnel, Bond Counsel, and be available to meet with JAXPORT's representatives at all reasonable times, after reasonable notice.
- F. If negotiated sale is planned, assist in development of RFP for underwriter and selection of investment banking firm(s).
- G. Assist in the preparation of the Official Statement and arrange for its distribution to potential underwriters, rating agencies and large investors. Official Statement shall include the notice of bond sale, the official bid form, description and purpose of the issue, the applicable legal authority, and authorizing bond ordinance, and other information as required.
- H. Prepare information necessary to obtain a favorable bond rating and assist in presenting this information to the bond rating organizations.
- I. Advise on the condition of the bond market before and at the time of sale.
- J. Provide advice as to acceptance or rejection of the bids to purchase the bonds received at public sale, or the bond purchase agreement received from the investment banker through a negotiated sale.
- K. Provide assurance that the pricing of the bonds is the lowest price based on the then prevailing market conditions.
- L. Assist, coordinate and supervise the closing details including transcripts, bond printing, Committee on Uniform Securities Identification Procedures (CUSIP) numbers, delivery, transfer of funds, and any other services necessary to bring the financing to a prompt and successful conclusion.
- M. Recommend provisions and covenants to be contained in the bond resolutions and other financing documents including but not limited to bond amounts, dates, maturities, interest rates, redemption provisions, flow of funds, debt service coverage requirements, reserve funds, rates and charges,

security pledges and conditions relating to the issuance of any additional bonds. Also recommend the structure and economic benefits of derivative products such as variable rate/residual rate financings, interest rate swap transactions, bond insurance, etc.

- N. Assist in the preparation of any necessary illustrations, charts, graphic presentations and other information of use to the public, potential underwriters and investors.
- O. Assist in the preparation of the documents for a bond sale. The documents should be presented in a form familiar to bond underwriters and should include but not be limited to the following:
 - 1. Notice of bond sale, specifying necessary bidding requirements.
 - 2. The official bid form.
 - 3. History and description of JAXPORT
 - 4. Description of the purpose of the issue, its security, synopsis of its covenants and remedies for the protection of the bondholders, tables of historic revenues and coverage, and such matters as are customarily disclosed and set forth in an official statement presenting a comparable issue of bonds.
 - 5. A reprint or summary of the bond resolution, and such other related resolutions and documents as JAXPORT determines necessary and desirable.
- P. Initiate and conduct an information program designed to stimulate interest of underwriters and investors to purchase bonds.
- Q. Attend any sale of the bonds to advise JAXPORT whether awarding the sale of the bonds to the buyer is in the best interest of JAXPORT. At closing, deliver a certificate attesting to agreement for the timing of the sale, the rate level and structure of the bonds.
- R. Advise and assist JAXPORT, if requested, in arranging for printer, execution, signing and delivery of the various documents required in connection with the closing after a bond sale, including scheduling and arranging for the investment of proceeds of the bond sale in compliance with arbitrage regulations, if necessary and requested by JAXPORT.
- S. Assist in preparing information in accordance with the Securities and Exchange Commission rules.

4.03.2 Other Financial Programs – The Financial Advisor shall provide ongoing advice to JAXPORT and assist in developing and maintaining a coordinated approach to the overall requirements of JAXPORT’s financing programs including, but limited to the services listed below.

- A. Provide special financial advice on an as needed basis. Such advice may include assisting in the issuance of alternative debt instruments including bank financing, capital leases, interest rate swaps, and other types of short-term debt.
- B. Perform periodic calculations of swap fair values, if applicable.
- C. Keep JAXPORT informed of any relevant developments in the credit markets.
- D. Provide assistance with the preparation and review of JAXPORT’s Capital Plan and consults on financing alternatives necessary for its execution.
- E. With reasonable notice, attend all meetings deemed necessary by JAXPORT.

4.03.3 Additional Services – In addition to those services set forth herein, the Financial Advisor shall provide all services customarily provided by financial advisors in Florida, or services made available through affiliated providers, to provide the following additional services:

- A. Guidance and recommendations regarding investment of Bond Proceeds and Bond Reserve balances
- B. Arbitrage monitoring as required
- C. Provide special financial advice on an as needed basis. Such advice may include assisting in the issuance of alternative debt instruments in association with JAXPORT's P3 related financing arrangements.
- D. Assistance with swap or other hedging activities related to capital purchases, foreign transactions or other needs as determined
- E. Other financial services and advice as may be needed.

4.04 PROPOSER'S RESPONSIBILITY FOR ADDRESSING EVALUATION CRITERIA

Proposers should be aware that the proposal will be evaluated in accordance with the criteria prescribed herein and accordingly would be advised to structure their proposal in a manner to properly address each factor of the Evaluation Criteria and include all additional information or attachments properly identified as to its relationship to any items.

- A. **Evaluation Criteria** - The Evaluation Committee shall determine qualifications, interest and availability by reviewing the written responses received, and, when deemed necessary, by conducting formal interviews of selected Proposers that are determined to be best qualified based upon the evaluation of written responses.
- B. **Cover Letter (1 page ONLY)** - The cover letter must include the following information:
 - 1. Legal name of the Proposer
 - 2. Primary location (Physical business address)
 - 3. Telephone number, Fax number and e-mail address
 - 4. Name of contact person
 - 5. Authorized signature of firm's agent
- C. **Biography of the Firm and/or Consultant(s)** – Proposals must contain a biography of the firm and/or consultant(s) expected to perform services for JAXPORT in sufficient detail to allow a reasonable evaluation of the relative capability of respondents to serve the particular needs of JAXPORT summarizing the key points of the firm's response. Proposals must identify the Primary Consultant to be assigned to the JAXPORT contract and the names and backgrounds of the individuals who will be assigned to this engagement on a full-time basis. If the firm has more than one office, identify the office from which each designated individual will be operating. Clearly indicate each individual's responsibilities during the engagement and highlight the day-to-day contact person as well as the individual who will attend official meetings of JAXPORT, if requested.

If the Proposer intends to use the services of any other organization to perform any of the services identified in this RFP, then the Proposer must submit the required information for each and every such organization or person, as applicable, with and as part of the proposal. Each such informational sheet shall identify, at the top of the front page, the role of the organization or person. Also, include a brief statement as to the need for and benefit to JAXPORT of using these additional or specialized services.

4.05 EVALUATION CRITERIA

A. Experience and Professional Accomplishments (35 Points Maximum Score)

The application of this criterion shall include an assessment of the firm's specific experience in providing Financial and/or Investment Banking Advisory Services for local governments on complex financial transactions which are similar to JAXPORT's project. Please detail any such transaction in the State of Florida. Qualities and indicators that should receive considerations should generally include level of complexity similar to JAXPORT project; the quality of such project work; the level of cooperation and coordination with government staff; and the level of performance on

such projects with regard to the firm's adherence to the scope of services, compliance with contract terms, response time, ability to adhere to quoted fees.

Additionally, provide three (3) relevant local governmental financing references, including contact person name, title, e-mail address, telephone number, type of transaction, and the date(s) of service.

B. Strategic Financial Advisory Approach and Current Market Environment (30 Points Maximum Score)

The application of this criterion shall include a discussion of your firm's approach applicable to the JAXPORT's potential review and completion of strategic opportunities. Also, provide a review of the current market environment as it relates to strategic opportunities.

C. Quotation of Rates/Fees (20 Points Maximum Score)

The application of this criterion shall include the firm's approach to fees charged for financial advisory services contemplated by this RFP. Understanding that fee level and structure are largely transaction specific, include fee indications for a range of transaction options.

D. Marketing Approach (10 Points Maximum Score)

The application of this criterion shall include the following:

1. Describe your firm's approach to marketing strategic opportunities to potential counterparties.
2. Describe your approach to ensuring JAXPORT receives the best execution of any potential transaction.

E. Proximity to the Project (5 Points Maximum Score)

The application of this criterion shall include an assessment of the geographic proximity to the project. Qualities and indicators that should receive consideration should generally include the location of the office from which the proposed project will be administered; the perceived response time and general availability of the firms' management to be onsite; and the availability of special travel or communication plan, which would effectively mitigate difficulties associated with location.

1. Indicate the location of the office from which the proposed project will be administered; the perceived response time and general availability of the firms' management to be onsite; and the availability of special travel or communication plan, which would effectively mitigate difficulties associated with location.

Failure to provide complete and accurate information will result in lower score on evaluation.

4.06 ADDITIONAL REQUIRED INFORMATION

In addition to addressing each factor of the **EVALUATION CRITERIA** prescribed under paragraph **4.05**, all respondents who submit a proposal for Financial Advisory Services, must address each one of the following factors:

1. List any financing for which a proposed team member, or the firm, was or is involved as Financial Advisor, that has been or is the subject of an adverse determination by or settlement agreement with the IRS or Treasury, and describe the results therefrom.
2. Describe the firm's public finance department, including how long it has been in existence and the current number of employees.
3. A detailed discussion of the firm's experience as financial advisors, preferably with seaports, including experience with revenue and special purpose bonds, bank financing, interest rate swaps, and other hedge type instruments. Special emphasis should be given to financing experience within the State of Florida. When providing an answer to the questions contained in this section please include the following information:

- A. Type of issue
- B. Size of issue
- C. Governmental unit issuing bonds
- D. For negotiated sales only, whether the Proposer was also the underwriter of the issue
- E. Which person was primarily responsible for the financial advisory work on the issue

4. List each bond issue on which the firm has worked in the last two (2) years ending September 30, 2024 and indicate which team member or members worked on the issue.

5. List and describe the role played in each tax-exempt advance or current refunding bond issue on which each proposed team member has worked in the two (2) years ending September 30, 2024 for public entities.

6. Provide your proposed fee structure for issuance and sale of long-term bonds. If the fee structure would differ for revenue refunding bonds, commercial paper notes or other securities also provide those fee structures.

- A. Revenue Bonds per \$1,000
- B. Capital Leases per \$1,000
- C. Revenue Notes per \$1,000
- D. P3 transaction per \$1,000 (Assuming a completed transaction) and/or your hourly rate.

7. Consulting services, such as those described in **Article IV** paragraphs **4.03** “**SCOPE OF SERVICES**” may be requested in situations that do not involve a debt issue or it is in the best interest of JAXPORT to stop delivery prior to completion of a financial transaction. Under such conditions indicate how you would charge such services if the indicated format does not fit your billing structure. Please provide a proposed billing method and amount (such as hourly billing rates, transactional rates, any other necessary information that needs to be disclosed and indicate which services under Scope of Work you propose to bill using this billing method(s). If hourly rate varies by class of personnel, please indicate hourly rates by class of personnel.

8. Indicate the Proposer’s policy regarding out-of-pocket and/or indirect cost expenses including, but not limited to, travel, lodging (travel expenses would be reimbursed based on JAXPORT’s Travel Policy), **RFP 25-02 Page A4-8** faxes, telephone calls, deliveries, any other necessary information that needs to be disclosed; if you propose reimbursement from JAXPORT, itemize the types of expense and basis of billing for each.

Failure to provide above information in stated format may result in rejection of proposal.

4.07 RESTRICTIONS AND CONDITIONS

The selected Firm(s) agree not to bid or participate in any syndicate which may bid on any negotiated or competitive debt issued by JAXPORT during the term of the contract. The Firm will be restricted from participating in negotiated issues for a period of one year in the event of resignation by the firm.

NOTE: For JAXPORT’s Audited Financial Statements (**ATTACHMENT 3**) and its Debt Management Procedures (**ATTACHMENT 4**) outlining JAXPORT’s authorized debt parameters.

4.08 CHANGES IN SCOPE OF SERVICES

JAXPORT, without invalidating the Contract, may order extra work or make changes by altering, adding to, or deducting from the work, and the Contract will be adjusted accordingly, based on a mutually agreed upon negotiated price. Changes in the work and the contract sum may only be changed by prior written agreement executed by the parties with proper authorization to do so.

4.09 CHANGES IN PERSONNEL

The Firm will notify JAXPORT in writing primarily thirty (30) days prior to affecting a personnel change concerning the primary consultant to be assigned to the JAXPORT contract. JAXPORT will have the right to reject any individual

assigned to perform work under this contract, or to request the Consultant to change the primary consultant to be assigned to JAXPORT contract.

**REQUEST FOR PROPOSAL NO. 25-02
FINANCIAL ADVISORY SERVICES****EVALUATION MATRIX**

JAXPORT will make award based on the Proposer's ability to meet our needs as rated on the evaluation matrix shown below. Factors used to evaluate the Proposer's response, as well as the weighting of the factors, vary for each service and are listed below in descending order of importance.

	ABILITY OF PROPOSER	POINT MATRIX
A.	Experience and Professional Accomplishments	35
B.	Strategic Financial Advisory Approach and Current Market Environment	30
C.	Quotation of Rates/Fees	20
D.	Marketing Approach	10
E.	Proximity to the Project	5
TOTAL POINTS:		100

How to Submit Your Bid Response in Trimble Unity Construct (e-Builder)

Access the Bid Package

To access the bid package, ensure that you [registered with Trimble Unity Construct \(e-Builder\)](#). After registering, you will have a username and password that will allow you to login to the bidder portal and access the bid package.

If you do not see the bid package you are expecting, enter the invitation key from the bid invitation email into the field at the top of the page. The invitation key is case sensitive and specific to your email address (DO NOT SHARE).

To access the bid package

1. Click the link in the bid request email.
 - The Trimble Unity Construct Bid Portal login page is displayed.
2. Enter your username and password.
3. Click the name of the bid package you want to access.
 - The bid package details page is displayed.

To accept / decline the invitation to bid

1. Access the bid package to display the Invitation tab.
2. Click **Accept** or **Decline** the Invitation to update the **Bidding** field to either Will Bid or Will Not Bid.

Review Package Invitation

The Bid Package view contains key package information at the top of the screen.

- **Title:** Displays project/package name.
- **Status:** Displays Open or Closed and whether you have accepted, declined or have not response yet.
- **Timeframe:** Displays how much time is left before the bid due date / time.
- **Summary:** Displays the current financial total of your bid response.
- **Bid Info:** Displays Bid package description, contact person, pre-bid meeting details and bid instructions.
- **Invitation Documents:** Drawings, specifications and other documents for the bid are published on this tab.
- **Addenda:** If addenda are published, you will be required to acknowledge your receipt of every addendum with a check mark on the Additional Information tab. **If addenda are published after you have submitted a bid response, your bid will be set back to Draft status and you will need to resubmit your response.**

To download a file or folder, click  beside the file name. To download all the files and sub-folders in a folder, click  beside the folder name. A folder containing multiple sub-folders or files will be automatically downloaded as a .zip file. A confirmation message will be displayed if the download is successful.

Submit Your Bid Response

After reviewing the bid package invitation, use the Response Form tab to submit your bid response.

To submit your bid

1. Access the bid package.
2. Click the **Response Form** tab.
3. On the **Step 1: Bid Form** tab, enter your pricing on the bid form line items.
Ensure that you provide pricing at the level of detail required by the bid. Some line items may be lump sum, and others may require quantities and unit prices.
 - If there are areas that do not pertain to your trade, enter a zero (0) value in that line.
 - The Summary box at the top of the page maintains a running total of your entries for reference.

4. Click  (Save) and ensure that your work is saved periodically.

(Optional) To export the bid items to a spreadsheet that you can customize or that you can share with your team, click  (Download). After updating the spreadsheet, click  (Upload) to re-import it.

5. On the **STEP 2: Response Documents** tab, click **Attach Documents**, and upload any supporting document needed to support your bid. Any Bid Submission custom fields that have been setup for your account will also be displayed here. All uploaded documents will be displayed in a table at the bottom of the tab for you to review.
6. On the **STEP 3: Additional Required Info** tab, complete any additional questions or qualification statements that have been established by the bid manager. When available, the custom fields set up for your account will be displayed on this tab. If any addenda have been issued, you are required to acknowledge receipt of the addenda on this page before submitting your bid.
7. Review the entire Response Form and click **Submit**.
8. When prompted, enter your Trimble Unity Construct portal password and click **Submit Bid**.
The date and time that you submitted your bid is stamped on your Response Form. You will also receive an email confirmation.

Additional Notes

- *After the bid due date/time has passed, the Submit button will be disabled. It is critical that you complete the entire process prior to the cut-off time. The system will not permit you to submit your proposal or bid after the deadline regardless of where you are in the process. As stated, the Submit button is systematically disabled promptly at the deadline and JAXPORT is unable to see anything you have uploaded prior to the bid due date/time. No late submissions will be permitted or accepted. Please plan accordingly.*
- If the bid manager adds or changes a bid item, or publishes an addendum, your bid will be set back to a Draft status. You will receive an email notification and will be required to reconfirm your bid and resubmit.
- When you need to step away from entering the quote, click  (Save). It is recommended that you save every 15 minutes. This will ensure that your changes are saved.
- If there are areas that do not pertain to your trade, enter a zero (0) value in that line item.
- If you have your qualifications in Word® or another program, copy and paste them into the qualifications.
- It is required that you acknowledge all the addenda, even if they do not pertain to your trade.

- It is recommended that you submit your quote at least 60 minutes before the due time so that you can rectify any errors. To submit the proposal, you must complete all the fields and acknowledge the addenda items.
- **Failure to submit all information requested documents will result in a proposal or bid being considered “non-responsive,” and therefore will be rejected.**

Recall your Bid Response *(only if necessary)*

If you failed to submit all documents or see an error on a page **after submitting** your bid, you can make changes to your bid before the due date/time without any interaction from the bid manager. The bid manager has no record of your bid response until you click **Submit again**.

To recall your bid response

1. On the **Response Form** tab, click **Recall Bid**.
2. Optionally provide a reason for your recall and then click **Yes, I am sure**.
 - Your previous submission information is displayed on the Response Form tab.
3. Click **Submit** to resubmit your bid prior to the bid due date/time.

Jacksonville Port Authority

Annual Financial Report
For the Year Ended September 30, 2023

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February 28, 2024

To the Board of Directors of the
Jacksonville Port Authority:

We present the Annual Financial Report of the Jacksonville Port Authority (the Authority or JAXPORT), a component unit of the City of Jacksonville, Florida, for the fiscal year ended September 30, 2023. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, this report fairly presents and fully discloses the Authority's financial position, changes in financial position and cash flows in accordance with accounting principles generally accepted in the United States of America. Please refer to the Management Discussion and Analysis (MD&A) for additional information about the financial position of the Authority.

Reporting Entity and Governance

The Jacksonville Port Authority, a public body corporate and politic, was created in 1963 by Chapter 63-1447 of the Laws of Florida to own and operate marine facilities in Duval County, Florida.

JAXPORT is comprised of three separate terminal locations in Jacksonville, with a diverse mix of cargo including containers, automobiles, bulk and cruise operations. Approximately 3/4 of all revenues are generated by containers and automobiles. The remaining lines of business include breakbulk, dry bulk, liquid cargo and cruise.

A seven-member Board of Directors presently governs the Authority. The Board of Directors establishes Authority policy and appoints a Chief Executive Officer/CEO. The Board of Directors annually elects a Chairman, Vice-Chairman, Secretary and Treasurer. Directors serve a four-year term.

The CEO of the Authority plans and directs all the programs and activities of the Authority, focusing on the future and the development of long-term business strategies.

2023 Operating Revenue Highlights

Total operating revenues for fiscal year 2023 were \$65,747, a 7% increase over prior year. Total container volumes in 2023 were 1,313,487 TEUs (twenty-foot equivalent units), a 1% increase over fiscal year 2022 TEUs of 1,298,132. These results reflect the scheduled construction and modernization of 93 acres to accommodate international cargo volumes at deep-water berths, a multi-year project with expected completion in 2025. Additionally, at fiscal year-end 2023, the Authority has 88 acres under construction for a new auto processing facility. Scheduled completion of the auto facility is 2025. In 2023, auto units totaled 505,665 compared to 553,029 units last year. Auto revenues for fiscal year 2023 were \$14,555, down 4% from prior year revenues. Cruise operations experienced its first full year of cruise activity since 2019 with a total of 74 cruises and total revenues of \$6,501, compared to \$2,562 in 2022.

2023 In Review and Looking Ahead

JAXPORT took several major steps forward in 2023 to strengthen its current book of business and prepare for future business development, including:

- Close out of the 47 ft. harbor deepening project.

- Delivery of three new tenant-provided 100-gauge electric cranes installed at newly constructed deep-water berths.
- Expansion and modernization of a major container terminal (93 acres), with all funding sources coming from tenant and federal grants (estimated completion date 2025).
- Design and development of a new auto terminal, concurrent with a new 30-year contract, to include a total 88 acres, construction underway in 2023. All funding for construction provided by tenant and state grants (estimated completion date 2025).
- Partnering with sister agency, Jacksonville Electric Authority, to begin design and construction of the raising of the power lines spanning the Jacksonville Harbor from a current 174 ft. operational clearance to 205 ft. This project is funded by both state and local grants, and funding from the Authority.

Rating agencies Moody's Investors Service and Fitch Ratings currently report JAXPORT credit ratings of A2 and A, respectively, Outlook Stable for both.

As exhibited in the attached financial statements, JAXPORT continues to strive for disciplined fiscal stewardship focused on maintaining strong cash balances, controlled expenses, while managing its conservative debt profile.

Independent Audit

A firm of independent certified public accountants is retained each year to conduct an audit of the financial statements of the Authority in accordance with auditing standards generally accepted in the United States and to meet the requirements of the Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General*. The Authority selected the firm of RSM US LLP to perform these services. Their opinion is presented with this report. Each year, the independent certified public accountants meet with the Audit Committee of the Board of Directors to review the results of the audit.

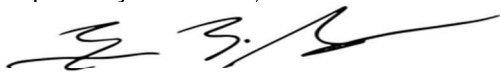
The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, using the accrual basis of accounting. The Authority is a local government proprietary fund, and therefore the activities are reported in conformity with governmental accounting and financial reporting principles issued by the Governmental Accounting Standards Board.

Acknowledgement

I would like to recognize the Finance Team in the preparation and presentation of JAXPORT's financial statements and commentary.

I would also like to thank the Board of Directors for their direction, oversight, and strong corporate governance in the financial and operational matters of the Authority.

Respectfully submitted,



Eric Green, CEO

Independent Auditor's Report

Members of the Board of Directors
Jacksonville Port Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Jacksonville Port Authority (the Authority), a component unit of the City of Jacksonville, Florida, as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other post-employment benefits and pension related schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

RSM US LLP

Jacksonville, Florida
February 28, 2024

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Management's Discussion and Analysis (Unaudited)

This section of the Jacksonville Port Authority's (the Authority or JAXPORT) annual financial report presents a narrative overview and analysis of the Authority's financial performance for the fiscal years ended September 30, 2023, and 2022. The discussion is intended to assist the readers in focusing on the significant financial issues and activities of the Authority and to identify any significant changes in financial position. We encourage readers to consider the information contained in this discussion in conjunction with the Authority's financial statements.

FINANCIAL STATEMENTS PRESENTATION

The Authority, a component unit of the City of Jacksonville, Florida, is considered a special purpose governmental entity engaged in a single business-type activity. JAXPORT is a landlord port and generates revenues primarily through user fees and charges to its tenants and customers. The Authority maintains a proprietary fund, which reports transactions related to activities similar to those found in the private sector. As such, the Authority presents only the statements required of enterprise funds, which include the statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows.

The statements of net position present information on all of the Authority's assets and deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. The statements of revenue, expenses and changes in net position shows how the Authority's net position changed during the fiscal year. The statements of cash flows represent cash and cash equivalent activity for the fiscal year resulting from operating, non-capital financing, capital financing and investing activities. Collectively, these financial statements provide an assessment of the overall financial condition of the Authority.

FINANCIAL ANALYSIS OF THE AUTHORITY

A condensed overview of the Authority's net position is provided in the following pages. The statements of net position serve as a useful indicator of assessing the Authority's financial position and relative components of assets, deferred outflows of resources, liabilities and deferred inflows of resources. It identifies these assets, deferred outflows of resources, liabilities and deferred inflows of resources for their expected use both for current operations and long-term purposes and identifies trends and allocation of resources.

As the Authority operates in a capital-intensive environment, capital assets are by far the largest component of net position. They are essential to seaport operations, providing land assets, buildings and equipment and other capital assets to its tenants and customers. These capital assets are largely funded by bonds and notes outstanding (debt). Repayment of this debt is provided annually from operations, as well as funds maintained by the Authority restricted for ongoing scheduled and certain future debt payments. The Authority's capital spending program is also supported by funding from its primary government, the City of Jacksonville, as well as state and federal grants. In addition to long-term assets and liabilities, the Authority holds current assets, including operating cash balances, to meet current liabilities.

Monetary amounts are presented in the thousands (000's), unless noted otherwise.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Management's Discussion and Analysis (Unaudited)

Operating Results for 2023

Total operating revenues for fiscal year 2023 were \$65,747, an increase of 7%, compared to revenues of \$61,233 in fiscal year 2022. Total container volumes in 2023 were 1,313,487 TEUs (twenty-foot equivalent units), a 1% increase over fiscal year 2022 TEUs of 1,298,132. These results reflect the expected phased transition of containers to deep-water berths, along with the scheduled terminal development to accommodate additional international cargo. During fiscal year 2023, the Authority had substantial container cargo terminal acreage under construction, with an anticipated construction completion date of fiscal year 2025. As of midyear 2022, JAXPORT now accommodates larger cargo vessels with the 47 ft. harbor depths. Concurrent with completion of the 47 ft. harbor deepening was the completion of deep-water berth infrastructure and the addition of three new (tenant owned) 100-gauge electric container cranes added in late fiscal year 2023. Total container revenues in fiscal year 2023 were \$29,910, an increase of 2% over prior year revenues of \$29,440. Auto units totaled 505,665 in 2023 compared to 553,029 units in 2022, the decrease is largely attributable to 44 acres being taken out of service in 2023 for the development of a new 88-acre auto processing facility, concurrent with a renewal of a long-term lease with an existing tenant, scheduled completion of the 88-acre auto facility is 2025. Auto revenues for fiscal year 2023 were \$14,555, a decrease of 4% over prior year revenues of \$15,098.

Cruise operations experienced its first full year of activity since 2019 with a total of 74 cruises and total revenues of \$6,501, compared to \$2,562 in 2022. Breakbulk revenue of \$5,002 reflected reduced tonnage, down 11% with revenues declining 15% from prior year. Dry Bulk (aggregate materials) tonnage were up 96% over prior year, with related revenues increasing 18%. Revenues associated with military cargo were \$1,399 in 2023, compared to \$578 in 2022. Other lines of business including liquid bulk and other were steady year over year.

Total operating expenses before depreciation for 2023 were \$43,870, an increase of \$6,068 over fiscal year 2022. Salaries and benefits expense increased \$4,064, of which \$2,588 was attributable to variances in "year-end valuation accounting" for pension costs. The remaining increase in salaries and benefits was related to additional staffing levels for increased crane operations and maintenance, along with scheduled annual wage increases. Berth maintenance dredging totaled \$5,730, and increased 16%, tied to heavy dredge activity. Contract security costs totaled \$5,020, an increase of 14%, and includes contract wage increases, and additional coverage, including a full year of cruise operations activity. Service and supplies expense was \$5,799, up 4% over prior year, and include increased property and casualty premiums of \$207. Repair and maintenance expense totaled \$2,423 in 2023, up 13% as impacted higher-than-normal inflation in this area.

Net non-operating revenues (expenses) for 2023 totaled \$11,299 and included several large recurring and one non-recurring transactions. Ongoing contributions from tenants for construction in progress totaled \$22,441 in 2023, comparable to prior year. Shared revenue from primary government was \$10,108, up 3% over prior year. Interest income for fiscal year 2023 was impacted favorably by higher interest rates/yields, and higher than normal cash balances on hand, including strong internal cash balances, construction funds received from tenants, and other construction funds received related to a harbor deepening rebate in 2023. Larger outflows (expenses) within non-operating items include \$16,992 of grants funds returned as part of the previously mentioned harbor deepening rebate (total of \$35 million) of which, \$16,992 was returned and/or provisioned for return to state and local grantors as their share of the refund where applicable. Interest expense on debt was \$6,539 in 2023, compared to \$7,028 in 2022, and debt amortization paydown weighed more towards principal in 2023. Fiscal year 2022 was impacted favorably by a significant gain on contract termination in the amount of \$109,114 (see note E).

Capital contributions in 2023, which includes state, local and federal grant contributions totaled \$16,759, compared to \$25,996 in prior year.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Management's Discussion and Analysis (Unaudited)

At the close of fiscal year 2023, the Authority had a net position of \$695,952, an increase of \$17,133 from \$678,819 at fiscal year-end 2022.

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
(in thousands of dollars)**

	2023	2022	2021
Operating revenue			
Cargo	\$ 53,500	\$ 54,185	\$ 54,870
Cruise	6,501	2,562	-
Military	1,399	578	1,353
Other operating revenue	4,347	3,908	5,630
Total operating revenue	<u>65,747</u>	<u>61,233</u>	<u>61,853</u>
Operating expenses			
Salaries and benefits	22,977	18,913	15,882
Services and supplies	5,799	5,559	3,806
Security services	5,020	4,405	4,374
Business travel and training	416	322	141
Promotion, advertising, dues and memberships	550	647	539
Utility services	787	743	632
Repairs and maintenance	2,423	2,138	1,846
Berth maintenance dredging	5,730	4,920	3,986
Miscellaneous	168	155	163
Total operating expenses	<u>43,870</u>	<u>37,802</u>	<u>31,369</u>
Operating income before depreciation	<u>21,877</u>	<u>23,431</u>	<u>30,484</u>
Depreciation	<u>32,802</u>	<u>30,989</u>	<u>30,031</u>
Operating (loss) income	<u>(10,925)</u>	<u>(7,558)</u>	<u>453</u>
Non-operating revenue (expense)			
Interest expense	(6,539)	(7,028)	(7,261)
Interest income	3,469	184	10
Shared revenue from primary government	10,108	9,769	9,847
Intergovernmental grant revenue	307	18,758	-
Reimbursement of advanced grant funds	(16,992)	-	-
Gain on contract termination	-	109,114	-
Capital contributions from tenants	22,441	22,093	-
Loss on sale/disposition of assets	(1,075)	(317)	(150)
Other non-operating expenses	(420)	(94)	(853)
Total non-operating revenue (expense)	<u>11,299</u>	<u>152,479</u>	<u>1,593</u>
Income before capital contributions	<u>374</u>	<u>144,921</u>	<u>2,046</u>
Capital contributions	<u>16,759</u>	<u>25,996</u>	<u>35,619</u>
Changes in net position	<u>17,133</u>	<u>170,917</u>	<u>37,665</u>
NET POSITION			
Beginning of year	<u>678,819</u>	<u>507,902</u>	<u>470,237</u>
End of year	<u>\$ 695,952</u>	<u>\$ 678,819</u>	<u>\$ 507,902</u>

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Management's Discussion and Analysis (Unaudited)

Revenue, Expenses and Changes in Net Position

2022 vs 2021

Total operating revenues for fiscal year 2022 were \$61,233, a decline in total revenues of 1%, compared to revenues of \$61,853 in fiscal year 2021. Total container volumes in 2022 were 1,298,132 TEUs (twenty-foot equivalent units), declining from a record 1,407,310 TEUs in 2021. The reduction was largely due to a steady decline of shipper calls and vessel activity at one terminal location, leading to an early termination of the lease and transition to a new terminal operator in mid-year. As of 2022, JAXPORT now accommodates larger cargo vessels with the 47 ft. harbor depth achieved in mid-2022, concurrent with the completion of deep-water berths. Auto units totaled 553,029 in 2022 compared to 623,212 units in 2021, the decline primarily a result of a global shortage of auto parts and supplies. Auto revenue dollars held up well due to fixed lease acreage-based contracts. Breakbulk tonnage increased to 989,058 tons, a 35% increase over prior year, primarily driven by demand for forest products – paper, wood pulp and lumber. Collectively, Containers (48%), Autos (25%), and Breakbulk (10%) make up 83% of total revenues. Cruise revenues for 2022 were \$2,562 and reflect approximately seven months of cruise activity beginning in March of 2022. Other lines of business including liquid bulk and dry bulk were steady year over year.

Total operating expenses before depreciation for 2022 were \$37,802 an increase of \$6,433 over prior year expenses before depreciation of \$31,369. Prior fiscal year 2021 included COVID-19 cost containment measures, whereas fiscal year 2022 expense levels returned to more normalized levels. Salaries and benefits in 2022 were \$18,913, an increase of \$3,031 over 2021, of which \$1,483 was attributable to variances in “year-end valuation accounting” for pension costs. Other factors accounting for the increase included a return to full staffing levels, post COVID, and the addition of nine security personnel previously part of outsourced contract security. Workers' Compensation Insurance expense included a two-year catchup assessment totaling \$675. Fuel costs in 2022 increased \$615 largely due to diesel (85%) price increases. Berth maintenance dredging expense increased \$934 in fiscal year 2022, reflective of increased dredge volumes.

Net non-operating revenues (expenses) for 2022 totaled \$152,479 and included several large non-recurring and recurring transactions. Most notable was a gain on contract termination in the amount of \$109,114, the outcome of an early exit of a tenant with a 30-year contract, causing an accelerated recognition of unearned revenue amounts (see Note E). The Authority also received Coronavirus State and Local Fiscal Recovery Funds (ARPA Funds) totaling \$17,716 in 2022, recorded as intergovernmental grant revenue. Tenant contributions for construction totaled \$22,093. Noteworthy in fiscal years 2022 and 2021 is a significant increase in shared revenue from primary government of \$9,769 and \$9,847, respectively, compared to \$1,847 in fiscal year 2020. The increase is a result of certain debt obligations previously recorded on the books of the City, on behalf of the Authority, serviced by this revenue source being fully satisfied at year-end 2020. Beginning in 2021 and forward, the Authority receives the full share of these interlocal revenues.

Capital contributions in 2022, which includes state, local and federal grant contributions totaled \$25,996, compared to \$35,619 in prior year. Included in 2021, was a local capital contribution of \$4,161 from the City of Jacksonville, which was in addition to \$35,000 provided in fiscal year 2020, specifically to support the final phase of the 47 ft. harbor deepening project.

At the close of fiscal year 2022, the Authority had a net position of \$678,819, an increase of \$170,917 from \$507,902 at fiscal year-end 2021.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Management's Discussion and Analysis (Unaudited)

Net Position

2023 vs. 2022

At September 30, 2023, the Authority's net position was \$695,952 compared to \$678,819 at year-end 2022, an increase of \$17,133. Significant additions in 2023 included capital contributions in the form of grants \$16,759, and tenant contributions for construction of \$22,441. Partially offsetting the above increases to net position were reimbursable amounts of advanced capital grants of \$16,992 from prior years. These funds were appropriated back to state, and local grantors, as their allocation of a \$35,000 refund, related to the 47 ft. harbor deepening project close out. The remainder of impacts were all normal operating and non-operating activities.

(In thousands of dollars)

NET POSITION

	2023	2022	2021
Current assets	\$ 63,218	\$ 61,669	\$ 54,109
Noncurrent assets (excluding capital assets)	63,275	31,496	23,373
Capital assets	830,649	856,329	849,826
Deferred outflows of resources	9,064	10,077	9,266
Total assets and deferred outflows	966,206	959,571	936,574
Current liabilities	27,716	20,615	24,563
Bonds and notes outstanding (net of current portion)	197,210	206,067	214,291
Other noncurrent liabilities and deferred	43,872	52,713	179,949
Deferred inflows of resources	1,456	1,357	9,869
Total liabilities and deferred inflows	270,254	280,752	428,672
Net position			
Net investment in capital assets	640,705	621,944	468,910
Restricted for debt service	19,396	18,391	18,080
Restricted – other	3,252	3,071	2,926
Unrestricted	32,599	35,413	17,986
Total net position	\$ 695,952	\$ 678,819	\$ 507,902

Total assets and deferred outflows were positively impacted by increases in current assets, primarily within unrestricted cash, an increase of \$4,259. Also, within noncurrent assets excluding capital assets, was additional restricted cash for capital projects, an overall increase of \$31,126, and includes tenant fund construction balances and the aforementioned harbor deepening refund. Capital assets declined largely as a result of the \$35,000 USACE harbor deepening refund.

Total liabilities and deferred inflows activity include increases in current liabilities, primarily from construction related accounts payable increase of \$6,891. Bonds and note outstanding were reduced \$8,857, primarily from normal scheduled principal payments in 2023. Other noncurrent liabilities and deferred inflows reductions reflect a \$7,829 paydown of balances on the Authority's line of credit.

Total net position at year-end 2023 was \$695,952, reflecting net investment in capital assets of \$640,705, amounts restricted for debt service of \$19,396, unrestricted balances of \$32,599 and renewal and replacement funds of \$3,252.

Jacksonville Port Authority
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Management's Discussion and Analysis (Unaudited)

Net Position

2022 vs. 2021

At September 30, 2022, the Authority's net position was \$678,819 compared to \$507,902 at year-end 2021, an increase of \$170,917. Significant additions in 2022, were the receipt of \$18,758 in intergovernmental grant revenue, largely ARPA funds of \$17,716, tenant contributions for construction of \$22,093, and a \$109,114 gain on contract termination effectively reducing total liabilities and deferred inflows in the same amount (eliminating unearned revenue balances). Other recurring sources of support include shared revenue from primary government of \$9,769 and state and federal grants of \$25,996.

Total assets and deferred outflows at year-end 2022 were \$959,571, Capital asset net increases were \$6,503. Current assets increased with unspent ARPA funds adding \$13,095 at year-end, partly offset by \$5,540 in reduced grant receivable balances. Noncurrent assets were \$31,496 and include tenant funds provided for construction of \$15,535, partly offset by \$7,037 in a reduction of long-term grant receivables.

Total liabilities and deferred inflows were \$280,752 at year-end 2022, compared to \$428,672 in 2021. Bonds and notes outstanding (net of current portion), declined \$8,224, primarily from scheduled debt service. Other noncurrent liabilities and deferred inflows were reduced significantly in 2022, reflecting paydowns of other borrowings (line of credit and bridge loan) totaling \$39,730. The elimination of unearned revenue balances associated with the aforementioned gain on contract termination resulted in a \$6.3 million reduction (unearned revenue) in current liabilities and \$106.8 million reduction (unearned revenue) in other noncurrent liabilities and deferred inflows.

Total net position at year-end 2022 was \$678,819, reflecting net investment in capital assets of \$621,944, amounts restricted for debt service of \$18,391, unrestricted balances of \$35,413 and repair and replacement funds of \$3,071.

Cash Flows

2023 vs 2022

Cash flows from operating activities in 2023 were \$24,389, compared to \$23,758 in prior year.

Cash flows from noncapital financing activities in 2023 were \$10,462, compared to \$27,485 in 2022. Fiscal year 2022 included the receipt of intergovernmental grant revenue (ARPA Funds) awarded in the amount of \$17,716.

Net cash used in capital and related financing activities totaled \$834 in 2023. Large outflows include funding for acquisition and construction of capital assets of \$46,319, principal and interest debt service payments of \$13,963, and paydown on the line of credit of \$7,829. Significant inflows include state and federal contributions-in-aid of construction of \$22,441. Additionally, the Authority received a \$35,000 refund from the United States Army Corps of Engineers (USACE) related to the 47 ft. harbor deepening project closeout, of which \$10,870 was separately returned to the state (FDOT), as their proportionate share of the refund. In fiscal year 2022, net cash used in capital and related financing activities was \$23,090, largely impacted by a combined net paydown on the line of credit and a bridge loan from primary of government, collectively totaling \$29,730.

Cash and cash equivalents at the end of 2023 were \$107,238 compared to \$69,752 in 2022. Current unrestricted cash and cash equivalents increased \$4,259 to \$21,608. Cash restricted for capital projects increased \$31,126 to \$46,661, primarily a result of the aforementioned harbor deepening refund. Restricted cash for debt obligations increased \$2,100 in 2023.

Jacksonville Port Authority
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Management's Discussion and Analysis (Unaudited)

Total cash and cash equivalents of \$107,238 at September 30, 2023 is comprised of \$21,608 in unrestricted cash, \$46,661 in construction funds, \$13,620 in current restricted cash (ARPA funds), \$8,763 in cash restricted debt service, \$13,195 in bond reserve funds, and \$3,391 designated for renewal and replacement funds and other.

Cash Flows

2022 vs 2021

Cash flows from operating activities in 2022 were \$23,758 compared to \$20,571 in prior year. Fiscal year 2021 included a return of funds to a tenant in the amount of \$4 million. The tenant had paid substantial upfront rents in fiscal year 2020, by mutual agreement the Authority refunded the \$4 million, in exchange for increased throughput tonnage rates.

Cash flows from noncapital financing activities in 2022 were \$27,485, compared to \$9,847 in 2021. This increase is attributable to the receipt of intergovernmental grant revenue (ARPA Funds) awarded in the amount of \$17,716 in fiscal year 2022.

Net cash used in capital and related financing activities totaled \$23,090. Large outflows include funding for acquisition and construction of capital assets of \$34,786, principal and interest debt service payments of \$15,256. Additionally, the Authority paid off a bridge loan balance of \$25,000, and also a net paydown on the line of credit of \$4,730. The Authority also incurred a \$4,064 outlay associated with a tenant lease termination (see Note E). Significant inflows include state and federal contributions-in-aid of construction of \$38,645 and tenant contributions for construction of \$22,093.

Cash and cash equivalents at the end of 2022 were \$69,752 compared to \$41,415 in 2021. The cash balance of \$69,752 at September 30, 2022 is comprised of \$17,349 in unrestricted cash, \$13,095 in current restricted cash (ARPA funds), \$15,535 in construction funds, \$20,702 in restricted debt service and reserve funds and \$3,071 for renewal and replacement funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets include land, land improvements, harbor deepening and related costs, buildings and building improvements and equipment. At September 30, 2023, the Authority had commitments for future construction work of \$108,866. Additional information regarding capital assets can be found in the accompanying notes to the financial statements (see Note C).

2023 vs. 2022

At September 30, 2023, the Authority's capital assets, net of depreciation, were \$830,649 a net reduction of \$25,680 compared prior year totals of \$856,329. Capital project additions for 2023 totaled \$51,809, compared to \$37,838 in 2022. In 2023, two major tenant sites were under construction; modernization of a 93-acre container terminal, construction began in 2022, and a new 88-acre auto processing facility underway in 2023, both scheduled for completion in 2025. Offsetting these expenditures was a large refund of \$35,000 from the USACE, related to savings on the closeout of the 47 ft. harbor deepening project. These funds were originally provided in advance of the phased project schedule, the project was completed under budget, and funds were returned to the Authority. Other reductions to total capital assets included the reversal of a \$8,537 reserve from the prior 40 ft. harbor deepening project. Depreciation expense for 2023 was \$32,802, compared to \$30,989 in 2022. Capital spending in 2023 was funded largely by federal

Jacksonville Port Authority
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Management's Discussion and Analysis (Unaudited)

and state grants totaling \$16,759 and tenant contributions for construction of \$22,441, compared to 2022 federal and state grants of \$25,996 and tenant contributions of \$22,092.

2022 vs. 2021

At September 30, 2022, the Authority's capital assets, net of depreciation, grew to \$856,329, compared to prior year net capital assets of \$849,826. Capital project additions for 2022 were \$37,838; major projects include terminal construction and rehab \$13,329, wharf rehabilitation projects \$5,976, and dredge material management sites \$9,032. Capital spending was partly funded by local, state and federal grants totaling \$25,996 in 2022. Depreciation expense for 2022 was \$30,989, compared to \$30,031 in 2021.

Long-Term Debt

2023 vs. 2022

At September 30, 2023, the Authority had outstanding bonds and notes payable of \$205,878, a decrease of \$8,225 from fiscal year-end 2022 balances of \$214,103 (both net of unamortized bond premiums). Line of credit balances outstanding at September 30, 2023 were \$2,920, compared to \$10,749 at prior year-end.

2022 vs. 2021

At September 30, 2022, the Authority had outstanding bonds and notes payable of \$214,103, a decrease of \$7,860 from \$221,963 at end of fiscal year 2021 (both net of unamortized bond premiums). Line of credit balances outstanding at September 30, 2022 were \$10,749, compared to \$15,479 at prior year-end. In 2022, the Authority paid off all outstanding balances on an original \$37,700 bridge loan from primary government, balances at prior year-end 2021 was \$25,000.

The Authority exceeded its required minimum debt service coverage ratio for the 2023 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability to each of those groups. Questions concerning any information included in this report or any request for additional information should be addressed to the Chief Financial Officer, Jacksonville Port Authority, P.O. Box 3005, Jacksonville, FL 32206-0005.

Jacksonville Port Authority
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Statements of Net Position
September 30, 2023 and 2022
(In thousands of dollars)

	2023	2022
Assets and Deferred Outflows of Resources		
Current assets		
Cash and cash equivalents	\$ 21,608	\$ 17,349
Restricted cash and cash equivalents	22,383	20,958
Accounts receivable, net	7,694	7,251
Notes and other receivables	151	120
Grants receivable	9,104	13,914
Inventories and prepaid items	2,278	2,077
Total current assets	<u>63,218</u>	<u>61,669</u>
Noncurrent assets		
Restricted cash and cash equivalents	16,586	15,910
Restricted cash and cash equivalents for capital projects	46,661	15,535
Notes receivable	28	51
Capital assets, net	830,649	856,329
Total noncurrent assets	<u>893,924</u>	<u>887,825</u>
Total assets	<u>957,142</u>	<u>949,494</u>
Deferred outflow of resources (Note J)	9,064	10,077
Total assets and deferred outflow of resources	<u>966,206</u>	<u>959,571</u>

(continued)

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Statements of Net Position
September 30, 2023 and 2022
(In thousands of dollars)

	2023	2022
Liabilities and Deferred Inflows of Resources		
Current liabilities		
Accounts payable	\$ 2,729	\$ 2,257
Accrued expenses	808	683
Accrued interest payable	2,563	2,180
Construction contracts payable	10,030	3,139
Retainage payable	2,218	3,620
Unearned revenue	700	700
Bonds and notes payable	8,668	8,036
Total current liabilities	<u>27,716</u>	<u>20,615</u>
Noncurrent liabilities		
Unearned revenue	13,892	14,592
Accrued expenses	2,387	2,290
Payable to primary government	6,122	-
Other obligations	-	8,537
Net pension liability	18,551	16,545
Line of credit	2,920	10,749
Bonds and notes payable, net	197,210	206,067
Total noncurrent liabilities	<u>241,082</u>	<u>258,780</u>
Total liabilities	<u>268,798</u>	<u>279,395</u>
Deferred inflow of resources (Note J)	1,456	1,357
Total liabilities and deferred inflow of resources	<u>270,254</u>	<u>280,752</u>
Net Position		
Net investment in capital assets	640,705	621,944
Restricted for		
Debt service	19,396	18,391
Repair and replacement	3,252	3,071
Unrestricted	32,599	35,413
Total net position	<u>\$ 695,952</u>	<u>\$ 678,819</u>

See Notes to the Financial Statements.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended September 30, 2023 and 2022

(In thousands of dollars)

	2023	2022
Operating revenue		
Cargo	\$ 53,500	\$ 54,185
Cruise	6,501	2,562
Military	1,399	578
Other operating revenue	4,347	3,908
Total operating revenue	<u>65,747</u>	<u>61,233</u>
Operating expenses		
Salaries and benefits	22,977	18,913
Services and supplies	5,799	5,559
Security services	5,020	4,405
Business travel and training	416	322
Promotions, advertising, dues and memberships	550	647
Utility services	787	743
Repairs and maintenance	2,423	2,138
Berth maintenance dredging	5,730	4,920
Miscellaneous	168	155
Total operating expenses	<u>43,870</u>	<u>37,802</u>
Operating income before depreciation	<u>21,877</u>	<u>23,431</u>
Depreciation expense	<u>32,802</u>	<u>30,989</u>
Operating loss	<u>(10,925)</u>	<u>(7,558)</u>
Non-operating revenues (expenses)		
Interest expense	(6,539)	(7,028)
Investment income	3,469	184
Shared revenue from primary government	10,108	9,769
Intergovernmental grant revenue	307	18,758
Reimbursement to grantor	(16,992)	-
Gain on contract termination	-	109,114
Contributions from tenants	22,441	22,093
Loss on sale/disposition of assets	(1,075)	(317)
Other non-operating expenses	(420)	(94)
Total non-operating revenues (expenses)	<u>11,299</u>	<u>152,479</u>
Income before capital contributions	<u>374</u>	<u>144,921</u>
Capital contributions	<u>16,759</u>	<u>25,996</u>
Change in net position	<u>17,133</u>	<u>170,917</u>
Net position		
Beginning of year	678,819	507,902
End of year	<u>\$ 695,952</u>	<u>\$ 678,819</u>

See Notes to the Financial Statements.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022
(In thousands of dollars)

	2023	2022
Cash flows from operating activities		
Receipts from customers	\$ 64,573	\$ 62,023
Payments for services and supplies	(20,189)	(19,165)
Payments to employees	(19,995)	(19,100)
Net cash provided by operating activities	24,389	23,758
Cash flows from noncapital financing activities		
Receipts from primary government	10,108	9,769
Intragovernmental grant revenue	354	17,716
Net cash provided by noncapital financing activities	10,462	27,485
Cash flows from capital and related financing activities		
Proceeds from capital debt	-	88,870
Principal paid on debt refunding	-	(88,870)
Payment on bridge loan from primary government	-	(25,000)
Line of credit advances	-	10,000
Line of credit payments	(7,829)	(14,730)
Contributions from tenants for construction	22,441	22,093
Contributions-in-aid of construction (grants)	21,523	38,645
Acquisition and construction of capital assets	(46,319)	(34,786)
Harbor deepening refund (USACE)	35,000	-
Reimbursement to grantor	(10,870)	-
Principal paid on capital debt	(8,036)	(7,672)
Interest paid on capital debt	(5,927)	(7,584)
Proceeds from sale of assets	98	52
Costs associated with contract termination	-	(4,064)
Crane demolition	(801)	-
Other	(114)	(44)
Net cash used in capital and related financing activities	(834)	(23,090)
Cash flows from investing activities		
Interest on investments	3,469	184
Net cash provided by investing activities	3,469	184
Net increase in cash and cash equivalents	37,486	28,337
Cash and cash equivalents		
Beginning of year	69,752	41,415
End of year	\$ 107,238	\$ 69,752

(continued)

Jacksonville Port Authority
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Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022
(In thousands of dollars)

	2023	2022
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (10,925)	\$ (7,558)
Adjustment to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	32,802	30,989
Decrease in accounts receivable and other current assets	(674)	(47)
Increase (decrease) in deferred outflow of resources	648	(1,177)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,133	(324)
Unearned revenue	(700)	532
Pension	2,006	9,855
Increase (decrease) in deferred inflows of resources	99	(8,512)
Total adjustments	35,314	31,316
Net cash provided by operating activities	\$ 24,389	\$ 23,758
Noncash investing, capital and financing activities		
Grants receivable	\$ 9,104	\$ 13,914
Construction costs paid on account	12,248	6,759
Payable to primary government	6,122	-

See Notes to the Financial Statements.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Notes to Financial Statements

Note A – Reporting Entity and Summary of Significant Accounting Policies

1. Reporting entity

The Jacksonville Port Authority (the Authority) was created in 1963 by Chapter 63-1447 of the Laws of Florida, to own and operate marine facilities in Duval County, Florida. The Authority is governed by a seven-member board. Three board members are appointed by the Governor of Florida and four are appointed by the Mayor and confirmed by the City Council of the City of Jacksonville, Florida. The City Council reviews and approves the Authority's annual budget.

The Authority is a component unit of the City of Jacksonville, Florida (the City), as defined by Governmental Accounting Standards Board (GASB) Section 2100 of Codification, *The Financial Reporting Entity*. The Authority's financial statements include all funds and departments controlled by the Authority or which are dependent on the Authority. No other agencies or organizations have been included in the Authority's financial statements.

2. Basic financial statements

The Authority is considered a special purpose government engaged in a single business-type activity. Business-type activities are those activities primarily supported by user fees and charges. The Authority maintains a proprietary fund, which reports transactions related to activities similar to those found in the private sector. As such, the Authority presents only the statements required of enterprise funds, which include the statements of net position, statements of revenue, expenses and changes in net position and statements of cash flows.

3. Fund structure

The operations of the Authority are recorded in a single proprietary fund. Proprietary funds distinguish operating revenues and expenses from non-operating revenue and expenses. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operation. The principal operating revenues for the Authority's proprietary fund are cargo, cruise, military, and other charges for services to customers. Operating expenses include direct expenses of providing the goods or services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

4. Basis of accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue or capital contributions when all eligibility requirements imposed by the provider are met.

Operating revenues of the Authority include revenues from facility leases, which are recognized over the term of the lease agreements. All other revenues, such as fees from wharfage, throughput and dockage, are recognized as services are provided.

The Authority's policy is to use restricted resources first, then unrestricted resources, when both are available for use to fund activity.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Notes to Financial Statements

Note A – Reporting Entity and Summary of Significant Accounting Policies (Continued)

5. Recently adopted accounting pronouncements

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)* (GASB 94). The objective of this statement is to improve financial reporting by addressing issues related to PPPs and APAs. This statement was adopted by the Authority as of October 1, 2022, and did not have a material effect within these financial statements.

In May 2022, the GASB issued Statement No. 96, *Subscription Based Information Technology Arrangements (SBITAs)* (GASB 96). The objective of this statement is to provide guidance on the accounting and financial reporting for SBITAs for government end users. This statement was adopted by the Authority as of October 1, 2022, and did not have a material effect within these financial statements.

6. Recently issued accounting pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or accessing accountability. This statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is permitted. The Authority is currently evaluating the impacts of this statement on its financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences in order to create consistency amongst various governmental entities. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this standard are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is permitted. The Authority is currently evaluating the impacts of this statement on its financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to better meet the information needs of financial statement users by providing enhanced disclosure about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this standard are effective for fiscal years beginning after June 15, 2024. Earlier application is permitted. The Authority is currently evaluating the impacts of this statement on its financial statements.

7. Budgeting procedures

The Authority's charter and related amendments, City Council resolutions and/or Board policies have established the following budgetary procedures for certain accounts maintained within its enterprise fund. These include:

Prior to July 1 of each year, the Authority shall prepare and submit its budget to the City Council for the ensuing fiscal year. The City Council may increase or decrease the appropriation requested by the Authority on a total basis or a line-by-line basis; however, the appropriation from the City Council for construction, reconstruction, enlargement, expansion, improvement or development of any marine project or projects authorized to be undertaken by the Authority, shall not be reduced below \$800,000. Once adopted, additional appropriations may only be through action of the City Council.

Jacksonville Port Authority
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Notes to Financial Statements

Note A – Reporting Entity and Summary of Significant Accounting Policies (Continued)

7. Budgeting procedures (continued)

The Authority is authorized to transfer within Operating/Non-Operating Schedules and the Capital Schedule as needed. Transfers between schedules are allowable up to \$50,000. Once the \$50,000 limit is reached, City Council approval must be obtained. Operating budget item transfers require Chief Executive Officer or Chief Financial Officer approval. Line-to-line capital budget transfers of \$50,000 or less require the same approval levels. Line-to-line capital budget transfers of more than \$50,000 require the same approval levels, with additional notification to the Board if deemed necessary by either of the above-mentioned parties. Any Capital Budget transfer creating a new capital project greater than \$1,000,000 requires Board approval. All appropriations lapse at the end of each fiscal year and must be re-appropriated.

8. Cash and cash equivalents

Cash and cash equivalents consist of demand deposits, money market funds and the Florida State Board of Administration investment pool. Cash equivalents include investments held with an original maturity of three months or less.

9. Restricted assets

Certain proceeds of revenue bonds and notes, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position, as their use is limited by applicable debt agreements. Restricted cash also includes renewals and replacement funds restricted for capital improvements and other funds as specifically designated by contributors or by grant agreement.

10. Fair value determination

Certain cash equivalents of the Authority are reported at fair value using quoted market price or other fair value techniques as required by GASB Statement No. 72, *Fair Value Measurements* (GASB 72). Fair value is defined by GASB 72, as the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. Categories within the fair value hierarchy include: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 are unobservable inputs.

11. Accounts receivable

Management considers all accounts to be fully collectible; however, the Authority has established an allowance for doubtful accounts based upon collections experience. The allowance for doubtful accounts for the years ended September 30, 2023 and 2022 was \$92,000 each.

12. Leases and subscriptions

The Authority, as a landlord port, has various leases which convey usage of property, facilities, equipment, terminal privileges, and space to its tenants. As lessor, the Authority administers the leases as a Marine Terminal Operator (MTO), as defined by the Federal Maritime Commission (FMC). Additionally, lessees (tenants) are also defined as MTOs. The Authority takes the position that all its lease agreements and tariff are regulated and *subject to external laws, regulations, or legal rulings* and meet the definition of GASB Statement No. 87, *Leases* (GASB 87) *certain regulated leases*. The Authority has no material ancillary operational activities outside the scope of those defined as a “terminal facility” by FMC regulations.

Jacksonville Port Authority
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Notes to Financial Statements

Note A – Reporting Entity and Summary of Significant Accounting Policies (Continued)

12. Leases and subscriptions (continued)

The Authority owns all its facilities and has no property or equipment leases defined as long term. Accordingly, the Authority reports no lease obligations within its statements of net position. The Authority utilizes arrangements SBITAs for various functions. Under GASB 96, a right-to-use subscription asset and a corresponding liability are recognized at the commencement of the subscription term. The right-to-use assets are initially measured at an amount equal to the related subscription liability.

Any payments made at or before commencement of the services and certain direct costs. SBITA assets are amortized on a straight-line basis over the subscription term. SBITA liabilities are initially measured at the present value of subscription payments expected to be made during the subscription term, discounted to present value. The discount rate used is commensurate to the Authority's incremental borrowing rate at the date the SBITA is placed into service. The Authority evaluates each SBITA arrangement annually to determine if it meets the definition of a SBITA under GASB 96 and applies the appropriate accounting treatment as outlined in this policy. There are exemptions for short-term subscriptions of less than 12 months, in addition, the Authority has established a \$30,000 minimum annual expense threshold to qualify for recognition under GASB 96. All of the Authority's current SBITAs are either short-term in nature or under the \$30,000 threshold, as a result, the Authority reports no subscription obligations.

13. Inventories and prepaid items

Inventories are stated at the lower of cost or market using the average cost method. Payments made to vendors for services that will benefit periods beyond the current fiscal year are recorded as prepaid items.

14. Grants receivable

Grants received from federal and state government agencies that are restricted for the acquisition of construction of capital assets are recorded as capital contributions when all applicable eligibility requirements are met. Grants receivables are classified as current unless deferred receipts arrangements are prescribed by grantor agreement.

15. Capital assets

Capital assets are carried at cost less accumulated depreciation. Capital assets are defined by the Authority as assets with an individual cost of \$5,000 or greater, and an estimated useful life of more than one year.

Capital assets are depreciated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of capital assets are as follows:

<u>Asset Class</u>	<u>Estimated Service Life (Years)</u>
Buildings	20-30
Improvements	10-50
Equipment	3-30

When capital assets are disposed of, the related cost and accumulated depreciation are recorded as gains or losses on disposition.

Jacksonville Port Authority
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Notes to Financial Statements

Note A – Reporting Entity and Summary of Significant Accounting Policies (Continued)

15. Capital assets (continued)

Costs incurred for harbor deepening are accounted for as non-depreciable land improvements. Costs incurred for the development of dredge spoil sites are recorded as land improvements and amortized over 20 years. Berth maintenance dredging is expensed as incurred.

16. Deferred outflows/inflows of resources

In addition to assets, the statements of net position include a separate section for deferred outflows of resources. This separate financial statement section, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses) until that time. The Authority currently reports the net deferred loss on refunding of debt and deferred outflows related to pensions in this category.

In addition to liabilities, the statements of net position include a separate section for deferred inflows of resources. This separate financial statement section, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority currently reports deferred inflows related to pensions in this category.

17. Unearned revenue

Resources received that do not meet revenue recognition requirements are recorded as unearned revenue in the financial statements. Unearned revenue consists of unearned lease revenue exclusively (see Note E).

18. Compensated absences (accrued leave plan)

Compensated absences consist of paid time off, which employees accrue each pay period. Individual leave accrual rates vary based upon position and years of service criteria. A liability is accrued as the benefits are earned by the employee for services already rendered and to the extent it is probable the employer will compensate the employees for the benefits. Maximum leave accrual balances cap at 480 hours for union employees, and 350 hours for non-union employees.

19. Conduit debt

On February 28, 2022, a Surrender and Termination of Lease agreement was executed by the Authority and its tenant Trapac Jacksonville, LLC. On that date, per the agreement, Mitsui O.S.K. (MOL) redeemed the outstanding balance of Special Facilities Bonds (Mitsui O.S.K. Lines, Ltd. Project), Series 2007 Bonds. The Authority has no conduit debt issued or outstanding as of September 30, 2023.

20. Debt, notes payable, and long-term other obligations

In the financial statements, long-term obligations are reported as liabilities in the statements of net position. Bond premiums and discounts are deferred and amortized over the life of the related obligation using the straight-line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable premium or discount. Costs of issuance are expensed as incurred except for prepaid bond insurance which is capitalized and amortized over the life of the bonds.

Jacksonville Port Authority
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Notes to Financial Statements

Note A – Reporting Entity and Summary of Significant Accounting Policies (Continued)

21. Pensions

In the statements of net position, liabilities are recognized for the Authority's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates.

22. Other post-employment benefits (OPEB)

The Authority obtains actuarial valuation reports for its post-employment benefit plan (other than pensions) and records the total OPEB liability and related deferred inflows/outflows as required under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

23. Net position

In the financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt, deferred balances from debt refunding and prepaid lease revenues (unearned revenues) that are attributable to the acquisition, construction or improvement of these assets will reduce this category.

Restricted Net Position – This category represents the net position of the Authority which is restricted by constraints placed on the use by external groups such as creditors, grantors, contributors or laws and regulations.

Unrestricted Net Position – This category represents the net position of the Authority, which is not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

24. Shared revenue from primary government

Shared revenue from primary government represents the Authority's share of the Communications Service Tax received by the City, millage payments from the Jacksonville Electric Authority (JEA) pursuant to City Ordinance Code and the Interlocal Agreement, as well as a fixed contribution from the City. These revenues had been pledged to pay debt service on bond obligations issued by the City and designated for port expansion projects. All previous debt obligations issued by the City, on behalf of the Authority, were paid off at year-end 2020. Shared revenue from primary government was \$10,108,000 and \$9,769,000 in 2023 and 2022, respectively.

Jacksonville Port Authority
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Notes to Financial Statements

Note A – Reporting Entity and Summary of Significant Accounting Policies (Continued)

25. Intergovernmental grant revenue

Intergovernmental grant revenues are accounted for as non-operating revenues in the period they are recognized, as defined by the grant agreement. Most common are reimbursements for specific federal security grants for security or public safety operational expenditures. Also included are Federal Emergency Management Agency (FEMA) grants received for disaster relief, examples would include federal assistance for costs incurred for hurricane preparation and recovery. In fiscal year 2022, the Authority received Coronavirus State Fiscal Recovery Funds under the American Rescue Plan Act (ARPA) in the amount of \$17,716,224. No ARPA funds were recognized in fiscal year 2023.

26. Contributions from tenants for construction

Tenant contributions are accounted for as contributions within non-operating income (in a non-exchange transaction). Whereby the tenant contributes funding for a construction project they would have otherwise undertaken, but the project is administered by the Authority when federal or state grants are involved.

27. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note B – Deposits and Cash Equivalents

Cash and Deposits

At September 30, 2023 and 2022, the carrying amount of the Authority's cash deposit accounts were \$81,049,000 and \$20,553,000, respectively. These cash deposits are held by banks that qualify as a public depository under the Florida Security for Community Deposits Act as required by Chapter 280, Florida Statutes. The Authority's cash deposits are fully insured by the Public Deposits Trust Fund.

Additionally, the Authority maintains deposits held in trust account money market funds for purposes of required bond reserve balances, debt service funding, and a renewal and replacement fund, collectively totaling \$26,160,000 at September 30, 2023 and \$20,542,000 at September 30, 2022.

Other cash balances maintained totaled \$28,000 and \$26,800 at September 30, 2023 and 2022 respectively, and include Florida Prime balances and petty cash.

Investment Policy

The Authority formally adopted a comprehensive investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits and issuer limits, credit ratings requirements and maturity limits to protect the Authority's cash and investment assets.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Notes to Financial Statements

Note B – Deposits and Cash Equivalents (Continued)

The Authority's investment policy allows for the following investments: The State Board of Administration's Local Government Surplus Funds Trust Fund, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Interest Bearing Time Deposit or Saving Accounts, Repurchase Agreements, Commercial Paper, Corporate Bonds, Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Registered Investment Companies (Money Market Mutual Funds) and Intergovernmental Investment Pools.

In instances where unspent bond proceeds, scheduled bond payments held by a third-party trustee, or other bond reserves as prescribed by bond covenants are held, the Authority will look first to the Authority's Bond Resolution for guidance on qualified investments and then to the Authority's investment policy.

Interest Rate Risk

Interest rate risk is the risk of changes in market interest rates adversely affecting the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. The policy of the Authority is to maintain an amount equal to three months, or one quarter, of the budgeted operating expenses of the current fiscal year in securities with maturities of less than 90 days. The weighted average duration of the portfolio will not exceed three years at the time of each reporting period. As of September 30, the Authority had the following investments and effective duration presented in terms of years:

2023

(in thousands of dollars)

	Fair Value	Maturities (in Years)	
		Less Than 1	1-5
Cash Equivalents Type			
Cash Equivalents Subject to Interest Rate Risk			
Money market funds	\$ 26,160	\$ 26,160	\$ -
Total Cash Equivalents	\$ 26,160	\$ 26,160	\$ -

2022

(in thousands of dollars)

	Fair Value	Maturities (in Years)	
		Less Than 1	1-5
Cash Equivalents Type			
Cash Equivalents Subject to Interest Rate Risk			
Money market funds	\$ 20,542	\$ 20,542	\$ -
Total Cash Equivalents	\$ 20,542	\$ 20,542	\$ -

Total cash equivalents shown above are classified as restricted cash and cash equivalents, reflecting money market funds held for debt service obligations (and related proceeds), on the statements of net position.

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investment policy permits the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as described below:

Jacksonville Port Authority
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Notes to Financial Statements

Note B – Deposits and Cash Equivalents (Continued)

Commercial paper of any United States company or foreign company domiciled in the United States that is rated, at the time of purchase, 'Prime-1' by Moody's and 'A-1' by Standard & Poor's (prime commercial paper), or equivalent as provided by two nationally recognized rating agencies. If the commercial paper is backed by a letter of credit (LOC), the long-term debt of the LOC provider must be rated 'A' or better by at least two nationally recognized rating agencies.

Corporate bonds issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long-term debt rating, at the time of purchase, at a minimum 'A' by Moody's and a minimum long-term debt rating of 'A' by Standard & Poor's, or equivalent as provided by two nationally recognized rating agencies.

State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least 'Aa' by Moody's and 'AA' by Standard & Poor's for long-term debt, or rated at least 'VMIG-2' by Moody's and 'A-2' by Standard & Poor's for short-term debt (one year or less), or equivalent as provided by two nationally recognized rating agencies.

Money market funds shall be rated 'AAAm' or better by Standard & Poor's or the equivalent by another rating agency.

As of September 30, the Authority had the following credit exposure as a percentage of total investments:

2023

Security type:

Money market funds
Total

<u>Credit Rating</u>	<u>% of Portfolio</u>	<u>Fair Value</u>
AAAm	100.00%	\$ 26,160
	100.00%	\$ 26,160

2022

Security type:

Money market funds
Total

<u>Credit Rating</u>	<u>% of Portfolio</u>	<u>Fair Value</u>
AAAm	100.00%	\$ 20,542
	100.00%	\$ 20,542

Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, with the exception of certificates of deposits, shall be held with a third-party custodian and all securities purchased by and all collateral obtained by the Authority should be properly designated as an asset of the Authority. The securities must be held in an account separate and apart from the assets of the financial institution. A third-party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida.

Concentration of Credit Risk

The Authority's investment policy has established asset allocation and issuer limits on the following investments, which are designed to reduce concentration of credit risk of the Authority's investment portfolio.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Notes to Financial Statements

Note B – Deposits and Cash Equivalents (Continued)

A maximum of 100% may be invested in non-negotiable interest-bearing time certificates of deposit, time deposit accounts, demand deposit accounts, or savings accounts in banks organized under State of Florida law. To include national banks organized under the laws of the United States and doing business in the State of Florida, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes, or such deposits are with a national bank whose short-term ratings are at least A-1 by Standard & Poor's, or P-1 by Moody's rating agency.

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based upon the valuation inputs used to measure the fair value of the asset. The following table summarizes major categories of the Authority's assets measured at fair value on a recurring basis as of September 30:

2023

(in thousands of dollars)

	September 30, 2023			
	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents				
Money Market Funds	\$ 997	\$ 997	\$ -	\$ -
Total cash and cash equivalents	\$ 997	\$ 997	\$ -	\$ -

2022

(in thousands of dollars)

	September 30, 2022			
	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents				
Money Market Funds	\$ 20,542	\$ 20,542	\$ -	\$ -
Total cash and cash equivalents	\$ 20,542	\$ 20,542	\$ -	\$ -

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Notes to Financial Statements

Note C – Capital Assets

Capital asset activity for the fiscal year ended September 30, 2023, was as follows:

<i>2023 (in thousands of dollars)</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land and improvements	\$ 145,447	\$ -	\$ -	\$ 145,447
Harbor deepening and related costs	279,996	-	(43,536)	236,460
Construction in progress	42,095	51,434	(27,597)	65,932
Total capital assets not being depreciated	467,538	51,434	(71,133)	447,839
Depreciable capital assets				
Buildings	96,525	-	(10,850)	85,675
Improvements	651,134	26,471	(71)	677,534
Equipment	140,600	1,501	(572)	141,529
Total depreciable capital assets at historical cost	888,259	27,972	(11,493)	904,738
Less accumulated depreciation for:				
Buildings	68,517	3,125	(9,717)	61,925
Improvements	351,152	24,264	(53)	375,363
Equipment	79,799	5,413	(572)	84,640
Total accumulated depreciation	499,468	32,802	(10,342)	521,928
Depreciable capital assets, net	388,791	(4,830)	(1,151)	382,810
Capital assets, net	\$ 856,329	\$ 46,604	\$ (72,284)	\$ 830,649

Land Improvements – Harbor Deepening and Dredge Spoil Sites

The Authority has entered into cooperative agreements with the USACE to share in costs to deepen the channel of open access waterways to agreed-upon depths. To date, the Authority's share (as Non-Federal Sponsor) of these costs amounts to approximately \$236 million. These costs, referred to as harbor deepening costs, are classified as non-depreciable land improvements on the Authority's financial statements. Pursuant to the agreement, the USACE provides for the continued maintenance of the channel at the deepened depth in perpetuity. Similarly, dredge spoil sites are also managed in conjunction with the USACE and costs associated with the improvement and expansions of these sites are accounted for as improvements made to land and amortized over a 20-year life. To date, the Authority's share of these costs total, net of depreciation is approximately \$37 million. Costs incurred and paid by the USACE (Federal Sponsor / Government) for both harbor deepening and dredge spoil sites, are not capitalized or recorded on the books of the Authority.

The most recent 47 ft. harbor deepening project was operational in fiscal year 2022. Closeout of the project occurred in 2023 and resulted in a \$35 million refund from the USACE from costs savings on the advance funded project, a final accounting and reconciliation is expected in 2024. Of the amounts refunded to the Authority, FDOT was subsequently reimbursed \$10.8 million for their share, and the City reimbursement share was \$6.1 million (recorded as payable at year-end 2023). The Authority also recorded a reduction of \$8.5 million within other obligations and capital assets with the close out of the 40 ft. harbor deepening project accounting.

Jacksonville Port Authority
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Notes to Financial Statements

Note C – Capital Assets (Continued)

Capital asset activity for the fiscal year ended September 30, 2022, was as follows:

<i>2022 (in thousands of dollars)</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land and improvements	\$ 145,447	\$ -	\$ -	\$ 145,447
Harbor deepening and related costs	279,996	-	-	279,996
Construction in progress	61,438	37,393	(56,736)	42,095
Total capital assets not being depreciated	486,881	37,393	(56,736)	467,538
Depreciable capital assets				
Buildings	96,484	41	-	96,525
Improvements	595,433	55,766	(65)	651,134
Equipment	146,837	1,374	(7,611)	140,600
Total depreciable capital assets at historical cost	838,754	57,181	(7,676)	888,259
Less accumulated depreciation for:				
Buildings	65,358	3,159	-	68,517
Improvements	328,934	22,275	(57)	351,152
Equipment	81,517	5,555	(7,273)	79,799
Total accumulated depreciation	475,809	30,989	(7,330)	499,468
Depreciable capital assets, net	362,945	26,192	(346)	388,791
Capital assets, net	<u>\$ 849,826</u>	<u>\$ 63,585</u>	<u>\$ (57,082)</u>	<u>\$ 856,329</u>

Note D – Leasing Operations

In accordance with GASB 87 paragraph 43, lessors who are regulated by external laws, regulators, or legal rulings, should only recognize current inflows of resources and provide the required disclosures outlined in paragraph 60.

The Authority leases property to terminal operators for the purpose of cargo movement generated from international trade and foreign commerce. All assets including cranes and other equipment include language in contracts such as – a minimum complement of cranes (not specified), tenant acreage is exclusive to the extent that the port properties are segregated for operational and security purposes.

Capital assets held for lease have a cost of approximately \$907,583,000 and accumulated depreciation of \$428,381,000 as of September 30, 2023 compared to \$892,184,000 and \$410,838,000 as of September 30, 2022.

Jacksonville Port Authority
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Notes to Financial Statements

Note D – Leasing Operations (Continued)

Inflows of resources received from leases were \$51,046,000 and \$52,689,736 for the years ended September 30, 2023 and 2022, respectively. \$33,748,000 in 2023 and \$28,010,148 in 2022 were related to contractual annual guarantees and required rents. Inflows of resources from variable payments not included in expected future minimum payments were \$17,298,000 and \$24,679,588 for the fiscal years ended 2023 and 2022.

The Authority has no lease agreements with terms and conditions that allow the lessee to solely terminate the lease or abate payments. The Authority looks to its pledged revenues to support its debt obligations, but no lease agreement calls for lease payments as security for debt obligations. Minimum future rental receipts and contractual minimum annual guarantees for each of the next five years and thereafter, excluding contingent or volume variable amounts on non-cancelable operating facility leases on September 30, 2023, are as follows:

<i>Year (in thousands of dollars)</i>	<i>Total</i>
2023	\$ 27,785
2024	28,637
2025	29,529
2026	28,997
2027	27,139
2028-2032	126,399
2033-2037	119,662
2038-2042	115,206
2043-2047	104,999
2048-2052	100,187
2053-2057	44,245
	<u>\$ 752,785</u>

Note E – Unearned Revenue

In fiscal year 2019, the Authority executed a 25-year lease agreement with SSA Atlantic, LLC (SSA). The lease includes an initial 77 acres with plans to expand to 100+ acres. As part of the agreement, SSA advanced \$18 million of rent payments, which are being recognized as lease revenue on a straight-line basis over the lease term, in accordance with lease accounting guidance. Unearned revenue at September 30, 2023 and 2022 was \$14,592,000 and \$15,292,000, respectively.

In fiscal year 2022, the Authority and former tenant Trapac, executed a surrender and termination agreement which terminated an existing long-term lease, well in advance of the scheduled 2038 lease term. As a result, the Authority recognized a gain on termination of contract of approximately \$109 million in 2022. As a result of this transaction, the Authority no longer reports any associated unearned revenue balances at September 30, 2023 and 2022 for this lease.

Note F – Pension Plan

Retirement Benefits

The Authority provides retirement benefits to its employees through the Florida Retirement System (FRS), the Florida Retirement System Health Insurance Subsidy (HIS) and an FRS Deferred Retirement Option

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Notes to Financial Statements

Note F – Pension Plan (Continued)

Program (DROP). Additionally, the Authority provides an implicit rate subsidy for retiree insurance (an age adjusted premium benefit), which is addressed in Note H – Other Post-Employment Benefits.

As a participating employer, the Authority follows accounting guidance under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), which requires employers participating in cost-sharing multiple employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities and related pension amounts of the defined benefit pension plans. The GASB 68 component of pension expense captures and records the Authority's proportionate share of net pension liability of both the FRS Pension Plan and Health Insurance Program, along with the Authority's related allocation of deferred outflows and deferred inflows and pension expense impacts. The GASB 68 pension expense accrual has no current year impact on pension funding. The employer share of FRS and HIS pension funding contributions are recorded as expense when contributed. The two elements (accrual and contributions) are combined to show total pension expense of the Authority.

General Information about the FRS

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Authority are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement and consists of the two cost-sharing, multiple employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The Authority's pension expense for FRS and HIS totaled \$5,004,372 and \$2,117,371 for the fiscal years ended September 30, 2023 and 2022, respectively. Included in pension expense is the amortization of deferred inflows and outflows as well as the changes in the net pension liability.

Florida Retirement System (FRS) Pension Plan

Plan Description: The FRS Pension Plan (the Plan) is a cost-sharing multiple employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.

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Note F – Pension Plan (Continued)

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of the Plan may include up to four years of credit for military service toward creditable service.

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided: Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

	<u>% Value</u>
<i>Regular Class members initially enrolled before July 1, 2011</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class members initially enrolled on or after July 1, 2011</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Senior Management Service Class</i>	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service

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Notes to Financial Statements

Note F – Pension Plan (Continued)

credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions: The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates for fiscal years 2023 and 2022, were as follows:

Notes: Employer rates include 1.66% for the post-employment health insurance subsidy program.

Class	Percent of Gross Salary		
	Employee	2023	2022
		Employer	Employer
FRS, Regular	3.00	13.57	11.91
FRS, Senior Management Service	3.00	34.52	31.57
DROP – Applicable to members from all above classes	0.00	21.13	18.60

The Authority's contributions, for FRS and HIS totaled \$2,280,077 and employee contributions totaled \$413,951 for the fiscal year ended September 30, 2023. The Authority's contributions, for FRS and HIS totaled \$1,955,376 and employee contributions totaled \$385,387 for the fiscal year ended September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2023, the Authority reported a liability of \$12,848,797 for its proportionate share of the FRS Plan's net pension liability, compared to \$12,764,006 at September 30, 2022. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Authority's proportionate share of the net pension liability was based on the Authority's 2022-23 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the Authority's proportionate share was 0.0323%, which was an decrease of 0.002% from its proportionate share measured as of June 30, 2022, of 0.0343%.

For the fiscal year ended September 30, 2023, the Authority recognized the Plan pension expense of \$2,892,610. Fiscal year 2022 showed pension expense of \$1,945,589 which, in addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources, for 2023 and 2022, as shown:

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Notes to Financial Statements

Note F – Pension Plan (Continued)

	<u>2023</u>	Deferred Outflow of Resources	Deferred Inflow of Resources
<u>Description</u>			
Differences between expected and actual experience	\$ 1,206,391	\$ -	
Change of assumptions	837,591	-	
Net difference between projected and actual earnings on FRS pension plan investments	536,601	-	
Changes in proportion and differences between Authority FRS contributions and proportional share of contributions	419,299	762,770	
Authority FRS contributions subsequent to the measurement date	461,253	-	
Total	<u>\$ 3,461,135</u>	<u>\$ 762,770</u>	

	<u>2022</u>	Deferred Outflow of Resources	Deferred Inflow of Resources
<u>Description</u>			
Differences between expected and actual experience	\$ 606,217	\$ -	
Change of assumptions	1,571,941	-	
Net difference between projected and actual earnings on FRS pension plan investments	842,806	-	
Changes in proportion and differences between Authority FRS contributions and proportional share of contributions	573,444	489,378	
Authority FRS contributions subsequent to the measurement date	406,143	-	
Total	<u>\$ 4,000,551</u>	<u>\$ 489,378</u>	

The deferred outflows of resources related to pensions, totaling \$461,253, resulted from the Authority's contributions to the Plan subsequent to the measurement date and will be recognized as a reduction of the net pension liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

<u>Year</u>	<u>Amount</u>
2024	\$ 319
2025	301
2026	271
2027	585
2028	783
Thereafter	(22)
	<u>\$ 2,237</u>

Actuarial Assumptions: The total pension liabilities in the July 1, 2023 and 2022, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Notes to Financial Statements

Note F – Pension Plan (Continued)

	2023	2022
Inflation	2.40%	2.40%
Salary Increase	3.25%	3.25%
Investment Rate of Return	6.70%	6.70%

PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation reports.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following tables:

July 1, 2023 actuarial assumptions:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Total	<u>100.0%</u>			
Assumed inflation – Mean			2.4%	1.4%

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Notes to Financial Statements

Note F – Pension Plan (Continued)

July 1, 2022 actuarial assumptions:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Total	<u>100.0%</u>			
Assumed inflation – Mean			2.4%	1.3%

Discount Rate: The discount rate used to measure the total pension liability was 6.7% for 2023 and 2022, respectively. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate: The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.7%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.7%) or one percentage-point higher (7.7%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Authority's proportionate share of the net pension liability			
As of July 1, 2023	\$ 21,948,361	\$ 12,848,797	\$ 5,235,922
As of July 1, 2022	\$ 22,074,470	\$ 12,764,006	\$ 4,979,350

Pension Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems, Annual Comprehensive Financial Report.

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Notes to Financial Statements

Note F – Pension Plan (Continued)

The Retiree Health Insurance Subsidy Program (HIS)

Plan Description: The HIS Pension Plan (HIS Plan) is a cost-sharing multiple employer defined benefit pension plan established under Section 112.363, Florida Statutes and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided: For the fiscal year ended June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive HIS Plan benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions: The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2023, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Authority's contributions to the HIS Plan totaled \$256,123 for the fiscal year ended June 30, 2023, and \$223,739 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2023, the Authority reported a net pension liability of \$5,702,456 for its proportionate share of the HIS Plan's net pension liability, compared to \$3,780,704 at September 30, 2022. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Authority's proportionate share of the net pension liability was based on the Authority's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the Authority's proportionate share was 0.0359%, a 0.0002% increase in its proportionate share measured as of June 30, 2022, of 0.0357%.

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Notes to Financial Statements

Note F – Pension Plan (Continued)

For the fiscal year ended June 30, 2023, the Authority recognized the HIS Plan pension expense of \$2,111,762 and \$171,782 for fiscal year 2022. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>2023</u>	Deferred Outflow of Resources	Deferred Inflow of Resources
<u>Description</u>		
Differences between expected and actual experience	\$ 83,480	\$ 13,358
Change of assumptions	149,916	494,137
Net difference between projected and actual earnings on HIS pension plan investments	2,945	-
Changes in proportion and differences between Authority HIS contributions and proportional share of contributions	132,335	185,766
Authority HIS contributions subsequent to the measurement date	79,715	-
Total	<u>\$ 448,391</u>	<u>\$ 693,261</u>

<u>2022</u>	Deferred Outflow of Resources	Deferred Inflow of Resources
<u>Description</u>		
Differences between expected and actual experience	\$ 114,753	\$ 16,635
Change of assumptions	216,712	584,872
Net difference between projected and actual earnings on HIS pension plan investments	5,474	-
Changes in proportion and differences between Authority HIS contributions and proportional share of contributions	159,433	266,979
Authority HIS contributions subsequent to the measurement date	60,503	-
Total	<u>\$ 556,875</u>	<u>\$ 868,486</u>

The deferred outflows of resources related to pensions, totaling \$79,715, resulted from the Authority's contributions to the HIS Plan subsequent to the measurement date and will be recognized as a reduction of the net pension liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

<u>Year</u>	<u>Amount</u>
2024	\$ (86)
2025	(47)
2026	(46)
2027	(47)
2028	(91)
Thereafter	(8)
	<u>\$ (325)</u>

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Notes to Financial Statements

Note F – Pension Plan (Continued)

Actuarial Assumptions: The total pension liabilities in the July 1, 2023 and 2022 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2023	2022
Inflation	2.40%	2.40%
Salary Increase	3.25%	3.25%
Investment Rate of Return	3.54%	3.65%

Mortality rates were based on the Generational RP-2010 with Projection Scale MP 2018.

Discount Rate: The discount rate used to measure the total pension liability was 3.54% and 3.65% for 2023 and 2022, respectively. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Authority's proportionate share of the net pension liability calculated using the applicable discount rate for each fiscal year, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Authority's proportionate share of the net pension liability			
As of July 1, 2023	\$ 6,505,612	\$ 5,702,456	\$ 3,349,665
As of July 1, 2022	\$ 4,325,435	\$ 3,780,704	\$ 3,329,949

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Notes to Financial Statements

Note F – Pension Plan (Continued)

Pension Plan Fiduciary Net Position: Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

FRS – Defined Contribution Pension Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal years ended September 30, 2023 and 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided, the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The Authority's Investment Plan pension expense totaled \$968,275 for the fiscal year ended September 30, 2023, and \$721,967 for the fiscal year ended September 30, 2022.

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Notes to Financial Statements

Note G – Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan (the 457 Plan) created in accordance with Internal Revenue Code (IRC) Section 457. The 457 Plan, which is available to all full-time employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All plan assets are held by trustees for the exclusive benefit of plan participants and beneficiaries. Thus, the assets and liabilities relating to the 457 Plan are not reflected on the Authority's statements of net position.

The Authority also makes matching contributions to a separate retirement plan created in accordance with IRC Section 401(a). The Authority contributes a specified amount for each dollar the employee defers to the 457 Plan. All 401(a) Plan assets are held by trustees for the exclusive benefit of plan participants and beneficiaries. Thus, the assets and liabilities relating to the 401(a) plan are not reflected on the Authority's statements of net position. The Authority's 401(a) matching contributions were \$203,000 and \$191,000 for the years ended September 30, 2023 and 2022, respectively.

Note H – Other Post-Employment Benefits (OPEB)

Plan Description

The Authority maintains a single employer medical benefits plan that it makes available both to current and retired employees. Retired employees have a one-time benefit option to continue coverage under the group plan upon retirement. Retirees pay the full insurance premium with no direct subsidy from the Authority. The medical plan is an experience-rated insurance contract plan that provides medical benefits to employees and eligible retirees and their dependents. The OPEB portion of the benefits (referred to as OPEB) refers to the benefits applicable to current and future retirees based upon GASB 75. The Authority currently has 172 active participants in the group medical plan and 2 participating retirees.

OPEB Liability

GASB 75 requires the recording of the OPEB liability. The OPEB liability is the actuarial present value of the total projected benefits allocated to years of employment prior to the measurement date. The Authority recognizes an implicit rate subsidy (age-adjusted premium benefit), which is calculated based on the annual required contribution of the employer, as determined in accordance with parameters of GASB 75. The OPEB expense reflects the annual change in the employer's OPEB liability, with deferred recognition provided for certain items. GASB 75 calls for the Authority to have an OPEB valuation performed every two years. The Authority does not accumulate assets to pay benefits but rather finances the program on a pay-as-you-go basis.

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Notes to Financial Statements

Note H – Other Post-Employment Benefits (OPEB) (Continued)

Actuarial Assumptions

	2023	2022
Valuation Date	10/01/2022	10/01/2021
Census Date	09/23/2023	09/30/2021
Discount Rate	4.77%	2.43%
Salary Scale	3% per annum	3% per annum
Mortality	PUB-2010 mortality table with MP2021 projection	PUB-2010 mortality table with MP2021 projection
Retirement Rates	Florida Retirement System Actuarial Valuation as of July 1, 2018 for Regular employees	Florida Retirement System Actuarial Valuation as of July 1, 2018 for Regular employees
Health Care Cost Trend Rate	6.5% per annum trending down 0.5% each year until reaching the ultimate trend of 4.5%	6.5% per annum trending down 0.5% each year until reaching the ultimate trend of 4.5%
Asset Valuation Method	Market value	Market value
Amortization Basis	Experience gains/losses: average expected future working lifetime of the whole group. Assumption changes: average expected future working lifetime of the whole group.	Experience gains/losses: average expected future working lifetime of the whole group. Assumption changes: average expected future working lifetime of the whole group.

Changes in Total OPEB Liability

The following data presents the changes in the total OPEB liability for fiscal years ended September 30:

	2023	2022
Balance, beginning of year	\$ 352,942	\$ 404,992
Service cost	9,832	16,442
Interest cost	16,450	9,397
Differences between expected and actual experience	(94,022)	(5,422)
Changes in assumptions or other inputs	(1,853)	(35,873)
Benefit payments	(16,158)	(36,594)
Net change	(85,751)	(52,050)
Balance, end of year	\$ 267,191	\$ 352,942

Deferred inflows and outflows associated with the Authority's total OPEB liability are not considered significant by management and accordingly have not been recorded in the Authority's financial statements.

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Notes to Financial Statements

Note H – Other Post-Employment Benefits (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate and Discount Rate

Health Care Cost Trend Sensitivity: calculated using trend rates that are one percent lower and higher than the current rate assumption:

		Total OPEB Liability		
	Rate	1% Decrease	Current Rate	1% Increase
As of September 30, 2023	6.5%	\$ 239,854	\$ 267,191	\$ 299,691
As of September 30, 2022	8.0%	\$ 324,864	\$ 352,942	\$ 385,958

Discount Rate Sensitivity: The discount rate was based upon a 20-year tax-exempt municipal bond fund, below are the changes as impacted by a 1% lower and higher than the current rate assumption:

		Total OPEB Liability		
	Rate	1% Decrease	Current Rate	1% Increase
As of September 30, 2023	4.87%	\$ 286,170	\$ 267,191	\$ 249,280
As of September 30, 2022	4.77%	\$ 368,284	\$ 352,942	\$ 337,628

Note I – Risk Management

The Authority participates in the City's experience rated self-insurance plan which provides for auto liability, comprehensive general liability and workers' compensation coverage, up to \$1,200,000 per occurrence for workers' compensation claims. The Authority has excess coverage for individual workers' compensation claims above \$1,200,000. The Authority's expense is the premium charged by the City's self-insurance plan. Workers' compensation and general liability insurance premiums amounted to \$555,000 and \$856,000 for the years ended September 30, 2023 and 2022, respectively. Fiscal year 2022 workers' compensation expenses included a two-year assessment catch up charge.

The Authority is also a participant in the City's property insurance program which is provided through commercial insurance policies. Premium expense amounted to \$804,000 and \$597,000 for the years ended September 30, 2023 and 2022, respectively.

As a part of the Authority's risk management program, the Authority also purchases certain additional commercial insurance policies to cover exposures such as special risk employees and business interruption coverage. The Authority does not retain any risk on their policies and settlements have not exceeded insurance coverage for each of the last three fiscal years.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Notes to Financial Statements

Note J – Long-Term Debt and Other Noncurrent Liabilities

Long-term liability activity for the years ended September 30, was as follows:

<i>(In thousands of dollars)</i>	2023				Amounts Due Within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
Bonds and notes payable					
Revenue bonds	\$ 42,400	\$ -	\$ -	\$ 42,400	\$ -
Revenue and refunding bonds	945	-	(945)	-	-
Revenue notes – tax exempt	162,819	-	(6,571)	156,248	6,768
Revenue note – taxable	2,915	-	(520)	2,395	1,900
Unamortized original issue premium amounts	5,024	-	(189)	4,835	-
Total bonds and notes payable	214,103	-	(8,225)	205,878	8,668
Liability for pollution remediation	739	130	(137)	732	-
Compensated absences and OPEB	1,907	802	(699)	2,010	355
Payable to primary government	-	6,122	-	6,122	-
Line of credit	10,749	-	(7,829)	2,920	-
Other obligation	8,537	-	(8,537)	-	-
Total	<u>\$ 236,035</u>	<u>\$ 7,054</u>	<u>\$ (25,427)</u>	<u>\$ 217,662</u>	<u>\$ 9,023</u>
<i>(In thousands of dollars)</i>	2022				Amounts Due Within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
Bonds and notes payable					
Revenue bonds	\$ 42,400	\$ -	\$ -	\$ 42,400	\$ -
Revenue and refunding bonds	1,850	-	(905)	945	945
Revenue notes – tax exempt	169,196	88,870	(95,247)	162,819	6,571
Revenue note – taxable	3,305	-	(390)	2,915	520
Unamortized original issue premium amounts	5,212	-	(188)	5,024	-
Total bonds and notes payable	221,963	88,870	(96,730)	214,103	8,036
Liability for pollution remediation	798	-	(59)	739	-
Compensated absences and OPEB	1,771	381	(245)	1,907	356
Line of credit	15,479	10,000	(14,730)	10,749	-
Bridge loan from primary government	25,000	-	(25,000)	-	-
Reserve for grants assessment	970	-	(970)	-	-
Other obligation	8,537	-	-	8,537	-
Total	<u>\$ 274,518</u>	<u>\$ 99,251</u>	<u>\$ (137,734)</u>	<u>\$ 236,035</u>	<u>\$ 8,392</u>

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Notes to Financial Statements

Note J – Long-Term Debt and Other Noncurrent Liabilities (Continued)

Revenue bonds, notes, and line of credit at September 30, consisted of the following:

<i>(in thousands of dollars)</i>	<u>2023</u>	<u>2022</u>
Tax Exempt Revenue Note, Series 2017, due in varying amounts through 2028. Interest rate is fixed at 2.25%.	\$ 14,490	\$ 16,725
Revenue and Refunding Bonds, Series 2012, including serial bonds due in varying amounts through 2023. Interest rates range from 4.00% to 5.00%.	-	945
Tax Exempt Revenue Note, Series 2010, due in varying amounts through 2030. Interest rate is fixed at 2.69%.	13,844	15,274
Tax Exempt Bank Note Crane 2014, Subordinate Obligation due in varying amounts through 2034. Interest rate is fixed at 3.04%.	15,331	16,430
Revenue Bonds, Series 2018B, due in varying amounts thru 2048. Interest rate is fixed at 5%.	42,400	42,400
Tax Exempt Revenue Note, Series 2018A, due in varying amounts through 2033. Interest rate is fixed at 2.87%.	23,713	25,520
Taxable Revenue Note, Series 2020A, due in varying amounts through 2024. Interest rate is fixed at 2.66%	2,395	2,915
Tax Exempt Revenue Note, Series 2022, due in varying amounts through 2038. Interest rate is fixed at 2.10%.	88,870	88,870
\$50 million Line of Credit, Subordinate Obligation, interest due monthly in varying rates, 1.37% to 5.74% in 2022 and 2023. Principal due February 2028.	2,920	10,749
Total revenue bonds, notes, and line of credit	<u>203,963</u>	<u>219,828</u>
Less current portion	<u>8,668</u>	<u>8,036</u>
Total revenue bonds, notes, and line of credit, net	<u>\$ 195,295</u>	<u>\$ 211,792</u>

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Notes to Financial Statements

Note J – Long-Term Debt and Other Noncurrent Liabilities (Continued)

In January 2009, the Authority established a \$50 million multi-year line of credit with Regions Bank, which has been subsequently renewed for multi-year terms since that time. An eighth renewal was executed on December 12, 2022 and is due and payable February 2028. The current agreement allows for an additional renewal option through 2029. It is the intention of the Authority to use the line for a revolving medium term or long-term funding source designated for the Authority's capital spending program. All amounts currently due on the line of credit will be paid from FDOT grants reimbursements pending at year-end 2023. The outstanding balance on the line of credit at September 30, 2023 was \$2,920,000.

In November 2010, the Authority executed a loan agreement with Regions Bank, Tax-Exempt Revenue Note Series 2010, for the purpose of paying off the Series 2000 Revenue Bonds and to establish a required reserve account. The Regions Bank, Tax Exempt Note Series 2010, has a final maturity of 2030. The outstanding balance as of September 30, 2023 was \$13,844,000.

In September 2012, the Authority issued \$87,410,000 in Revenue and Refunding Bonds, Series 2012. The bonds were issued to refund \$65,020,000 of the Authority's outstanding Series 2008 Bonds and to finance new capital project spending. The Series 2012 issued had a final maturity of 2038. In 2020, the 2012 Bonds were advance refunded with the issuance of the 2020A and 2020B Bonds, with the exception of 5% of the outstanding balance. These remaining obligations had a maturity date of November 2022. The outstanding balance as of September 30, 2023 was \$0.

In September 2014, the Authority executed a loan agreement in the amount of \$25,000,000 to support the acquisition of three new cranes. The agreement has a fixed term rate of 3.04%. The SunTrust Bank Note issued has a final maturity of 2034. The outstanding balance as of September 30, 2023 was \$15,331,000.

In November 2017, the Authority executed a loan agreement with Regions Bank, the Tax-Exempt Revenue Note, Series 2017, for the purpose of paying off the balance of the 2008 Bonds. The original amount of the loan was \$23,120,000, at a fixed term rate of 2.25%, with a final maturity of 2028. The outstanding balance as of September 30, 2023 was \$14,490,000.

In August 2018, the Authority executed a \$28,982,000 loan agreement with Chase Bank, N.A., Tax-Exempt Revenue Note Series 2018A, for the purpose of financing or refinancing expenditures relating to the cost of portions of the Authority's capital program and to pay down the Authority's line of credit. The agreement has a fixed term rate of 2.872% with a term of 15 years through 2033. The outstanding balance as of September 30, 2023 was \$23,713,000.

In August 2018, the Authority issued \$42,400,000 in Revenue Bonds, Series 2018B, for the purposes of financing the Authority's capital improvement program, largely the harbor deepening project. The bonds have a fixed term rate of 5.00% with a term of 30 years through 2048. The outstanding balance as of September 30, 2023 was \$42,400,000.

In March 2020, the Authority executed loan agreements with Truist Bank for the purpose of advance refunding \$84,695,000 (95%) of the Series 2012 Bonds. The transaction effectively defeased 95% of the outstanding Series 2012 Bonds in advance of their 2022 call date in a Cinderella Bonds transaction. The transaction resulted in two bank notes, the Taxable Revenue Note, Series 2020A for \$3,405,000, at 2.66%, and the Taxable Revenue Note, Series 2020B in the amount of \$88,870,000, ranging from 2.10% to 2.66%. In August 2022, the Revenue Refunding Bond, Series 2022 in the amount of \$88,870,000 (Tax-Exempt) were exchanged for Taxable Revenue Note, Series 2020B in the same amount. The remaining Taxable Revenue Note, Series 2020A (maturity date 2024), had an outstanding balance as of September 30, 2023 of \$2,395,000.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Notes to Financial Statements

Note J – Long-Term Debt and Other Noncurrent Liabilities (Continued)

In August 2022, the Authority executed an agreement with Truist Commercial Equity, Inc. to issue Tax-Exempt Revenue Refunding Bond, Series 2022 for \$88,870,000 for the purposes of redeeming the Taxable Revenue Note, Series 2020B in the same amount. The bond has a tax-exempt interest rate of 2.10%, with a maturity date of November 2038. The outstanding balance as of September 30, 2023 was \$88,870,000.

Bridge loan from primary government

In August 2020, the Authority executed the 2020 Tax Exempt Bridge Loan with the City in the amount of \$37,700,000. The purpose of the loan was to provide bridge financing for an FDOT grant, in like amount, for the Harbor Deepening Project Contract C. The related FDOT grant calls for reimbursements to occur based upon project progress expenditures. FDOT funds collected by the Authority are concurrently remitted against the outstanding balance on the loan from the City. The Authority paid off this bridge loan in full in 2022, with no balance outstanding at September 30, 2022, or thereafter.

Bond covenants

The Authority's debt resolutions place restrictions on the issuance of additional bonds, designate required funding of related bond reserves and requires certain monies for debt service payments be held in trust funds. The Authority has also agreed in its bond covenants to establish and maintain rates charged to customers that will be sufficient to generate certain levels of operating revenues and operating income in excess of its annual debt service on the various outstanding bonds. The Authority has agreed to maintain net operating revenues in excess of 125% of the senior debt service obligations and 100% of the total subordinate debt service obligations.

Debt maturities

Required debt service for the outstanding bonds and notes payable for the next five years and thereafter to maturity as of September 30, 2023, was as follows (in thousands):

Years ending	Interest	Principal
2024	\$ 5,795	\$ 8,668
2025	5,565	8,920
2026	5,334	9,183
2027	5,098	9,438
2028	4,855	9,702
2029-2033	20,308	55,835
2034-2038	13,150	56,122
2039-2043	7,017	22,340
2044-2048	3,179	16,915
2049-2053	98	3,920
	<u>\$ 70,399</u>	<u>\$ 201,043</u>

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Notes to Financial Statements

Note J – Long-Term Debt and Other Noncurrent Liabilities (Continued)

Original issue discount and deferred loss on refundings *(in thousands of dollars)*

Unamortized premiums on bonds were \$4,835 and \$5,024 at year-end 2023 and 2022, respectively. Unamortized deferred loss on debt refundings was \$5,154 and \$5,520 in 2023 and 2022, respectively.

Deferred outflow/inflow of resources

Deferred outflow of resources as shown on the statements of net position include unamortized loss on debt refundings and defeasance transactions. Additionally, deferred outflows and inflows are recorded for changes related to pensions activities.

<i>(in thousands of dollars)</i>	2023	2022
Deferred loss on debt refundings	\$ 5,154	\$ 5,520
Deferred outflow pension (see Note F)	3,910	4,557
Total deferred outflow of resources	<u>\$ 9,064</u>	<u>\$ 10,077</u>
Deferred inflow of resources – pension (see Note F)	<u>\$ 1,456</u>	<u>\$ 1,357</u>

Other noncurrent liabilities

Unearned revenue balances were approximately \$14,592,000 and \$15,292,000 for years ended September 30, 2023 and 2022, respectively. The current portion was \$700,000 and represents one year of rent amortization on SSA rents collected but unearned. See Note E for further explanation regarding unearned lease rent revenue recognition.

The Authority recorded a payable to primary government in the amount of \$6,122,000 at fiscal year-end 2023, reflecting the City share due, as part of the \$35 million refund from the USACE on the closeout of the 47 ft. harbor deepening project.

OPEB liabilities for retiree medical benefits were approximately \$267,000 and \$353,000 at September 30, 2023 and 2022, respectively. See Note H for additional information.

Note K – Other Obligation

Upon completion of the 40 ft. Harbor Deepening Federal Navigation Project in 2010 (Project Cooperation Agreement with the USACE), the Authority recorded amounts payable to USACE for \$8,537,000, pending final close out of this project. The Authority has since participated in other USACE projects, including the completion of the recent 47 ft. harbor deepening project and other large projects, whereby in 2023, all USACE project costs have been accounted for, or are pending final closeout. Accordingly, in fiscal year 2023, any potential liability from these projects have been adjusted to \$0.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Notes to Financial Statements

Note L – Commitments and Contingencies

Construction Related

At September 30, 2023, the Authority had commitments for future construction work of approximately \$108,866,000 primarily for terminal construction projects and improvements, and Dredge Material Management Areas development.

Environmental Remediation

The Authority owns several parcels of property located at the southernmost portion of the Talleyrand Marine Terminal which were used by previous owners to conduct fertilizer blending and packaging and other operations involving the use of chemicals. Property adjacent to these parcels, owned by an unrelated third-party has also been identified to contain contaminants attributed to its former use. In conjunction with the Florida Department of Environmental Protection (FDEP), the Authority developed an Interim Remedial Action Plan (IRAP), which includes a site soil and groundwater treatment system, allowing for the groundwater to be captured by wells and discharged to a nearby publicly owned treatment works facility (POTW). The Authority originally (in 2011) established a \$1.5 million reserve for project and ongoing operations costs of the groundwater treatment system. As a result of an updated review of ongoing operational costs of this system in 2023, the Authority provided an incremental charge of \$130,000 to supplement the reserve. At September 30, 2023, the reserve balance was approximately \$732,000 for ongoing operations and monitoring costs.

Collective Bargaining Agreement

The Authority's workforce is made up of approximately 170 employees. Union employees represent about 40% of the total. The current union contract runs through September 30, 2025.

Note M – Significant Customers

2023

The Authority had five customers with significant operating revenues (10% or more of total revenues): Crowley Liner Services (17%), SSA (14%), Tote Maritime (11%), APS East Coast (10%) and Carnival Cruise Lines (10%).

2022

The Authority had four customers with significant operating revenues (10% or more of total revenues): Crowley Liner Services (16%), SSA (14%), Tote Maritime (11%) and APS East Coast (10%).

Note N – Capital Contributions

Federal Contributions

The Authority received monies from federal funding awards designated for constructing various capital assets and capital improvements. Contributions of \$6,848,538 and \$3,002,265 were recorded for the years ended September 30, 2023 and 2022, respectively.

State Contributions

State funded awards totaled \$9,910,935 and \$22,993,142 for the years ended September 30, 2023 and 2022, respectively.

JACKSONVILLE PORT AUTHORITY
A Component Unit of the City of Jacksonville, Florida
REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)

Schedule of Changes in Total OPEB Liability
Last Ten Fiscal Years*
(in dollars)

	2023	2022	2021	2020	2019	2018
Total OPEB liability – beginning	\$ 352,942	\$ 404,992	\$ 315,914	\$ 294,914	\$ 317,699	\$ 319,347
Service cost	9,832	16,442	15,206	15,000	16,000	14,896
Interest cost	16,450	9,397	7,917	12,000	12,098	11,984
Differences between expected and actual experience	(94,022)	(5,422)	18,890	-	67,260	-
Changes in assumptions or other inputs	(1,853)	(35,873)	83,659	-	(115,492)	(18,451)
Benefit payments	(16,158)	(36,594)	(36,594)	(6,000)	(2,651)	(10,077)
Net change	(85,751)	(52,050)	89,078	21,000	(22,785)	(1,648)
Total OPEB liability – ending	\$ 267,191	\$ 352,942	\$ 404,992	\$ 315,914	\$ 294,914	\$ 317,699
Covered employee payroll	\$ 12,415,171	\$ 10,920,134	\$ 10,092,846	\$ 9,887,483	\$ 9,578,318	\$ 9,164,400
Total OPEB liability as a percentage of covered payroll	2.15%	3.23%	4.01%	3.20%	3.08%	3.47%

* Changes in total OPEB liability for the fiscal years prior to 2018 were not available, and accordingly, not included in the schedule.

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS
(in dollars) (UNAUDITED)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the FRS net pension liability	0.0322%	0.0343%	0.0328%	0.0317%	0.0341%	0.0358%	0.0374%	0.0353%	0.0352%
Authority's proportionate share of the FRS net pension liability	\$ 12,848,797	\$ 12,764,006	\$ 2,480,995	\$ 13,754,260	\$ 11,740,361	\$ 10,797,420	\$ 11,070,761	\$ 8,917,567	\$ 4,546,261
Authority's covered-employee payroll	\$ 12,415,717	\$ 12,713,611	\$ 12,269,541	\$ 12,234,777	\$ 12,246,587	\$ 12,533,283	\$ 12,195,198	\$ 11,910,007	\$ 11,486,853
Authority's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	103.49%	100.40%	20.22%	112.42%	95.86%	86.15%	90.78%	74.87%	39.58%
FRS Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ended June 30, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 are available.

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY –
HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST TEN FISCAL YEARS
(in dollars) (UNAUDITED)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the HIS net pension liability	0.0359%	0.0365%	0.0343%	0.0353%	0.0370%	0.0370%	0.0398%	0.0383%	0.0373%
Authority's proportionate share of the HIS net pension liability	\$ 5,702,456	\$ 3,780,704	\$ 4,209,146	\$ 4,315,437	\$ 4,137,205	\$ 3,917,903	\$ 4,250,943	\$ 4,461,658	\$ 3,806,082
Authority's covered-employee payroll	\$ 12,415,717	\$ 12,713,611	\$ 12,269,541	\$ 12,234,777	\$ 12,246,587	\$ 12,533,283	\$ 12,195,198	\$ 11,910,007	\$ 11,486,853
Authority's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	45.93%	29.74%	34.31%	35.27%	33.78%	31.26%	34.86%	37.46%	33.13%
HIS Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ended September 30, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 are available.

**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS
(in dollars) (UNAUDITED)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required FRS contribution	\$ 2,023,954	\$ 1,731,637	\$ 1,437,015	\$ 1,217,755	\$ 1,167,644	\$ 1,202,882	\$ 1,046,313	\$ 947,884	\$ 948,391
FRS contributions in relation to the									
contractually required FRS contributions	2,023,954	1,731,637	1,437,015	1,217,755	1,167,644	1,202,882	1,046,313	947,884	948,391
FRS contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 12,415,717	\$ 12,713,611	\$ 12,269,541	\$ 12,234,777	\$ 12,246,587	\$ 12,533,283	\$ 12,195,198	\$ 11,910,007	\$ 11,486,853
FRS contributions as a percentage									
of cover-employee payroll	16.3%	13.6%	11.7%	10.0%	9.5%	9.6%	8.6%	8.0%	8.3%

Note: The amounts presented for each fiscal year were determined as of June 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ending June 30, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 are available.

**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST TEN FISCAL YEARS
(in dollars) (UNAUDITED)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required HIS contribution	\$ 256,123	\$ 223,739	\$ 203,674	\$ 203,097	\$ 203,293	\$ 208,052	\$ 202,440	\$ 197,706	\$ 157,222
HIS contributions in relation to the contractually required HIS contributions	256,123	223,739	203,674	203,097	203,293	208,052	202,440	197,706	157,222
HIS contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 12,415,717	\$ 12,713,611	\$ 12,269,541	\$ 12,234,777	\$ 12,246,587	\$ 12,533,283	\$ 12,195,198	\$ 11,910,007	\$ 11,486,853
HIS contributions as a percentage of cover-employee payroll	2.1%	1.8%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.4%

Note: The amounts presented for each fiscal year were determined as of September 30th. The schedule is presented to illustrate the requirements of GASB Statement No. 68. Currently, only data for fiscal years ended September 30, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 are available.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance
Fiscal Year Ended September 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	ALN Number	Contract Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Homeland Security				
Port Security Grant Program	97.056	EMW-2020-PU-00121		\$ 816,717
Port Security Grant Program	97.056	EMW-2021-PU-00128		33,845
Total Port Security Grant Program				<u>850,562</u>
Passed Through the State of Florida:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	693JF72040002	693JF72040002	<u>272,802</u>
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)				<u>272,802</u>
Total U.S. Department of Homeland Security				<u>1,123,364</u>
U.S. Department of Transportation				
National Infrastructure Investments	20.933	Hurricane Dorian		<u>6,031,821</u>
Total U.S. Department of Transportation				<u>6,031,821</u>
Total Expenditures of Federal Awards				<u>\$ 7,155,185</u>
State Grantor/Pass-Through Grantor/Project Title	CSFA Number	Contract Number		Total State Expenditures
State of Florida Department of Transportation				
Seaport Grant Programs	55.005	G0Y96		\$ 2,236,527
Seaport Grant Programs	55.005	G1K24		853,649
Seaport Grant Programs	55.005	G1L70		76,415
Seaport Grant Programs	55.005	G1L95		687,987
Seaport Grant Programs	55.005	G1M54		451,281
Seaport Grant Programs	55.005	G1V25		447,422
Seaport Grant Programs	55.005	G2408		448,821
Seaport Grant Programs	55.005	G2752		22,497
Seaport Grant Programs	55.005	G2756		4,183,003
Seaport Grant Programs	55.005	G2758		509,108
Seaport Grant Programs	55.005	G2F55		<u>62,344</u>
Total Expenditures of State Financial Assistance				<u>\$ 9,979,054</u>
Total Expenditures of Federal Awards and State Financial Assistance				<u>\$ 17,134,239</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of the Jacksonville Port Authority (the Authority), a component unit of the City of Jacksonville, Florida, under programs of the federal and state government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.650, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, and changes in net position or cash flows of the Authority.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Subrecipients

The Authority did not make sub-awards of federal awards or state financial assistance during the year ended September 30, 2023.

Note 4. Indirect Cost Rate

The Authority has elected not to use the 10% *de minimis* indirect cost rate allowed under the Uniform Guidance.

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Independent Auditor's Report

Members of the Board of Directors
Jacksonville Port Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the basic financial statements of Jacksonville Port Authority (the Authority), a component unit of the City of Jacksonville, Florida, as of and for the year ended September 30, 2023, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the basic financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM VS LLP

Jacksonville, Florida
February 28, 2024

**Report on Compliance for Each Major Federal Program and
the Major State Financial Assistance Project; Report on Internal Control
Over Compliance; and Report on the Schedule of Expenditures of
Federal Awards and State Financial Assistance Required by the Uniform Guidance
and State of Florida Chapter 10.650, *Rules of the Auditor General***

Independent Auditor's Report

Members of the Board of Directors
Jacksonville Port Authority

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

Opinion on Each Major Federal Program and State Financial Assistance Project

We have audited the Jacksonville Port Authority's (the Authority), a component unit of the City of Jacksonville, Florida, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and in the State of Florida's *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs and state financial assistance project for the year ended September 30, 2023. The Authority's major federal programs and state financial assistance project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance project for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state financial assistance project. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs and state financial assistance projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program and state financial assistance project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and State of Florida Chapter 10.650, *Rules of the Auditor General*

We have audited the financial statements of the Jacksonville Port Authority, a component unit of the City of Jacksonville, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon, dated February 28, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and State of Florida Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Jacksonville, Florida
February 28, 2024

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Schedule of Findings and Questioned Costs

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes

X

No

Significant deficiency(ies) identified?

Yes

X

None Reported

Noncompliance material to financial statements noted?

Yes

X

No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

Yes

X

No

Significant deficiency(ies) identified?

Yes

X

None Reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required

to be reported in accordance with Section 2 CFR

200.516(a)?

Yes

X

No

Identification of major federal programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

97.056

Port Security Grant Program

20.933

National Infrastructure Investments

Dollar threshold used to distinguish between type

A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes

X

No

State Financial Assistance Projects

Internal control over major state projects:

Material weakness(es) identified?

Yes

X

No

Significant deficiency(ies) identified?

Yes

X

None Reported

Type of auditor’s report issued on compliance for major state projects:

Unmodified

Any audit findings disclosed that are required

to be reported in accordance with Chapter 10.650,

Rules of the Auditor General?

Yes

X

No

Identification of major state projects:

CSFA Number

Name of State Program or Project

55.005

Seaport Grant Programs

Dollar threshold used to distinguish between type

A and type B projects:

\$ 750,000

**Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida**

Schedule of Findings and Questioned Costs (Continued)

Section II – Financial Statement Findings

No matters were reported.

Section III – Findings and Questioned Costs for Federal Awards and State Financial Assistance

No matters were reported.

Jacksonville Port Authority
A Component Unit of the City of Jacksonville, Florida

Summary Schedule of Prior Audit Findings

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior audit's Summary of Prior Audit Findings.

Management Letter

Board of Directors
Jacksonville Port Authority
Jacksonville, Florida

Report on the Financial Statements

We have audited the basic financial statements of the Jacksonville Port Authority (the Authority), a component unit of the City of Jacksonville, Florida, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated February 28, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.650, *Rules of the Florida Auditor General*. Disclosures in those reports, which are dated February 28, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Florida Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No findings or recommendations were made in the preceding annual financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Florida Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority is disclosed in Note 1 to the financial statements.

Financial Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Florida Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b and 10.556(8), *Rules of the Florida Auditor General*, we applied financial condition assessment procedures for the Authority. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Florida Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Florida Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Florida Auditor General*, the Authority reported:

- a. The total number of Authority employees compensated in the last pay period of the Authority's fiscal year as 173.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$14,894,764.
- d. All compensated earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e. Each construction project with a total cost of at least \$65,000, approved by the Authority that is scheduled to begin on or after October 1 of the fiscal year begin reported, together with the total expenditures for such project. This information is included in Schedule A below.

JACKSONVILLE PORT AUTHORITY 2022-2023 CAPITAL PROJECTS > \$65K		
PROJECT NUMBER	PROJECT DESCRIPTION	CONTRACT PAYMENTS
	CLEARING/CIP PARTS	242,729.47
B2019-08	Berth 33/34 Rehab	2,973,777.50
B2020-01	Container Terminal Upgrades	21,797,991.66
B2021-02	Intersection Improvements @ Wm Mills/Dave Rawls	972,074.25
B2022-09	Stormwater Pond Outfall Upgrades for Tenants	339,666.83
B2022-10	T Berth Construction @ Berth 20 (Design)	693,864.53
B2022-11	Auto Processing Facility Development	8,475,711.28
B2022-13	Hanjung Crane #8810 Upgrades	409,177.48
B2022-14	Hanjung Crane #8811 Upgrades	349,265.80
B2022-15	Hanjung Crane #8841 Upgrades	437,637.49
B2023-02	Tenant Asphalt Facility Rehab	409,559.50
B2023-05	Tenant Roof Repairs	96,159.86
B2023-06	CFS Upgrades	83,430.76
D2021-01	CBP PHYSEC Upgrades	136,463.57
U2022-01	Slope Protection between Cruise Terminal & Tenant (Design & Construction)	1,388,461.79
D2022-04	Berth 16 & 17 Cathodic Protection Design & Construction	807,339.62
D2022-05	Cruise Terminal Entrance Enhancements	262,620.63
G2020-02	Upland Dredge Material Management Area Construction Buck B - Phase 2	2,024,841.20
G2021-04	PSGP Rd 20 Security Grant	1,093,868.10
G2021-05	FSTED 20 Security Grant	101,887.00
G2021-06	Upland Dredge Material Mgmt Area-Bartram Island-"C"-Construction	4,637,306.20
G2022-05	PCOB Renovations - Board Room	185,362.69
G2023-03	Power Lines	124,687.41
G2023-08	PCOB 2nd FL Renovations	270,282.72
T2018-01	Tenant Warehouse Rehab - ROOF only	470,584.28
T2020-01	Westrock Property Development PH 1 Site Development (Design & Construction)	131,547.80
T2021-01	HVAC Upgrade - Tenant	163,373.00
T2021-02	Rehabilitate Under Deck Concrete	475,141.95
T2021-06	Pile, Cap and Beam Rehab TMT-Berth 5 - (Cleaning, Design, Construction)	194,751.40
T2021-07	TMT Terminal Facilities Bldg	264,207.62
T2022-06	Hanjung Crane #8844 Upgrades	374,056.71
T2023-03	Resurface Leased Areas - TMT	273,772.56
	OTHER CAPITAL	
003.2044.177	Kubota Excavator	94,149.00
003.2044.178	Nidec Drives for (3) ZPMC Cranes	91,642.00
003.2046.173	Replace Tour Bus	139,576.00
003.2042.193-A	SOC Report Writing Software	197,205.85
003.2042.193-I	Private Cellular Communications Network	107,241.25
003.2046.XXX	Vehicle Purchases for all Terminals	74,772.00

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported, if the Authority amends a final adopted budget under Section 189.016(6), Florida Statutes. This information is included in Schedule B below.

JACKSONVILLE PORT AUTHORITY
QUARTERLY REPORT SUMMARY
For the Twelve Months Ending September 30, 2023
UNAUDITED

BALANCE SHEET				
Cash and Investments	\$ 107,237,311		Current Liabilities	\$ 19,288,193
Accounts Receivable & Other Assets	29,122,006		Notes and Bonds Payable	208,798,111
Fixed Assets	830,494,381		Other Liabilities	40,062,791
TOTAL ASSETS	\$ 966,853,698		Net Position	688,704,603
			TOTAL LIABILITIES & EQUITY	\$ 966,853,698

	2022/2023 ORIGINAL BUDGET	2022/2023 AMENDED BUDGET	2022/2023 YTD ACTUAL	FAVORABLE (UNFAVORABLE) BUDGET VARIANCE
OPERATING REVENUES				
Containers	\$ 28,474,681	\$ 28,474,681	\$ 29,209,184	\$ 734,503
Autos	13,867,830	13,867,830	14,555,261	687,431
Military	700,000	700,000	1,399,073	699,073
Break Bulk	5,460,517	5,460,517	5,001,623	(458,894)
Liquid Bulk	1,675,572	1,675,572	1,418,808	(256,764)
Dry Bulk	2,013,070	2,013,070	2,614,214	601,144
Cruise	3,425,066	3,425,066	6,501,016	3,075,950
Other Operating Revenues	3,253,193	3,253,193	4,346,926	1,093,733
TOTAL OPERATING REVENUES	\$ 58,869,929	\$ 58,869,929	\$ 65,046,105	\$ 6,176,176
OPERATING EXPENDITURES				
Salaries	\$ 14,832,233	\$ 14,917,929	\$ 14,542,744	\$ 375,185
Employee Benefits	6,644,052	6,660,942	6,596,270	64,672
Services & Supplies	6,884,338	6,884,338	5,798,923	1,085,415
Security Services	4,987,040	4,987,040	5,019,684	(32,644)
Business Travel & Training	545,246	560,246	415,944	144,302
Promotion, Advertising & Dues	781,705	664,119	550,419	113,700
Utility Services	805,393	805,393	786,871	18,522
Repairs & Maintenance Projects	2,371,414	2,371,414	2,521,238	(149,824)
Crane Maintenance Pass Thru	(760,000)	(760,000)	(927,579)	167,579
Berth Maintenance Dredging	5,000,815	5,000,815	5,729,980	(729,165)
Miscellaneous	176,503	176,503	168,246	8,257
TOTAL OPERATING EXPENDITURES	\$ 42,268,739	\$ 42,268,739	\$ 41,202,741	\$ 1,065,998
OPERATING INCOME	\$ 16,601,190	\$ 16,601,190	\$ 23,843,364	\$ 7,242,174
NON-OPERATING REVENUES				
Investment Income	\$ 300,000	\$ 300,000	\$ 3,004,857	\$ 2,704,857
Shared Revenue from Primary Govt	9,611,106	9,611,106	10,108,365	497,259
Operating Grants	73,440	73,440	33,645	(39,795.00)
Other Revenue	8,500	8,500	3,216	(5,283.68)
	\$ 9,993,046	\$ 9,993,046	\$ 13,150,283	\$ 3,157,237
NON-OPERATING EXPENSES				
Debt Service	\$ 15,701,176	\$ 15,701,176	\$ 13,963,047	\$ 1,738,129
Crane Relo/Demo	1,050,000	1,050,000	800,900	249,100
Other Expenditures	3,360	3,360	14,768	(11,408)
	\$ 16,754,536	\$ 16,754,536	\$ 14,778,715	\$ 1,975,821
NET INCOME BEFORE CAPITAL OUTLAY AND CONTINGENCY	\$ 9,839,700	\$ 9,839,700	\$ 22,214,932	\$ 12,375,232
Transfer (to)/from Operating Capital Outlay	\$ (9,839,700)	\$ (9,839,700)	\$ (8,708,695)	\$ 1,131,005
SURPLUS (DEFICIT)	\$ -	\$ -	\$ 13,506,237	\$ 13,506,237
TOTAL REVENUES	\$ 68,862,975	\$ 68,862,975	\$ 78,196,388	
TOTAL APPROPRIATIONS	\$ 68,862,975	\$ 68,862,975	\$ 64,690,151	

Additional Matters

Section 10.554(1)(i)3., *Rules of the Florida Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, no such matters were reported.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City of Jacksonville, Florida, the Authority, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

RSM VS LLP

Jacksonville, Florida
February 28, 2024

Independent Accountant's Report

Members of the Board of Directors
Jacksonville Port Authority

We have examined the Jacksonville Port Authority's (the Authority), a component unit of the City of Jacksonville, Florida, compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the period October 1, 2022 to September 30, 2023. Management of the Authority is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of the Authority's compliance with the specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Authority complied, in all material respects, with the local government investment policy requirements of Section 218.415, Florida Statutes, during the period October 1, 2022 to September 30, 2023.

This report is intended solely for the information and use of the Florida Auditor General, the Authority, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP

Jacksonville, Florida
February 28, 2024



PROCEDURES AND GUIDELINES

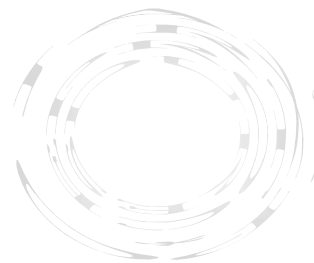
PROCEDURE: DP 1234

TITLE: Debt Management

RESPONSIBILITY: Chief Financial Officer

REVISION DATE: February 8, 2023

REVIEW DATE: February 8, 2023



PROCEDURAL CONTENT:

1. Debt Management
2. Asset-Liability Management Policy
3. Variable Rate Debt Considerations
4. Variable Rate Debt Policy
5. Structured Investment Products & Variable Rate Debt Products

PURPOSE: To outline the policies and procedures regarding JAXPORT'S variable and fixed interest debt.

PROCEDURES:

1. Debt Management

Our Overall Philosophy:

- Borrow funds at the lowest possible interest cost

To achieve this goal we will:

- Develop optimal capital structure including the amounts and types of variable rate exposure, according to JAXPORT'S risk tolerance to
 - Market fluctuations
 - Capital market outlook
 - Future capital funding needs
 - Credit rating
 - Competition

Capital Structure Goals

- Includes: fixed rate debt, variable rate debt, and hedging instruments (i.e. interest rate swaps and caps)
- Capital will be managed to achieve these Goals:
 1. Seek to balance short-term investment assets and short-term debt,
 2. Maintain diversification of debt,
 3. Minimize negative cost of carry associated with bond proceeds;

Management Requirements

- JAXPORT Board to approve:



PROCEDURES AND GUIDELINES

-
- Resolutions for swaps, caps and other hedging instruments including explicit parameters.
 - Overall Debt Management Policy including explicit parameters.
 - JAXPORT Chief Financial Officer (CFO) must sign all swap and cap confirmations.
 - Management shall receive quarterly/annual performance reports regarding Swap and capital Program.
 - Periodic updates providing performance related statistics will be made available to the Board pertaining to debt strategy.

Risk Management

- Variable rate net exposure can be hedged with interest rate swaps, caps and options.
- JAXPORT may consider hedging net exposure if:
 - ✓ Variable rate outstanding is expected to exceed recommended policy levels.
 - ✓ Hedge products can be put in place at reasonable economic cost.
- All hedge strategies must be accompanied by a cost rationality assessment which will measure cost vs. term, type of protection offered, and additional risks undertaken.
- This Debt Management Procedure is written to avoid excessive variable rate net exposure so that risk management techniques should not be required.

Variable Rate Administration

- Programmatic Requirements can affect efficiency
 - ✓ Liquidity requirements – some variable rate bonds require a bank to provide investors liquidity. Support costs will affect program efficiency and JAXPORT would need to diversify its exposure to liquidity banks.
 - ✓ Remarketing – Dealers required to set rates can impact performance of program.
- Interest Rate Swaps require negotiation of:
 - ✓ Collateral provisions
 - ✓ Termination events
- On-going monitoring is required of all variable rate programs.

2. Asset-Liability Management

Asset-Liability Imbalances

- The vast majority of state and local governments' asset / liability profiles are heavily weighted toward long-term, fixed rate liabilities and short-term asset investments, for generally sound reasons.
- Most debt is for capital projects in which fixed rate debt amortized over the project's useful life (often 20 years or greater) is appropriate.
 - ✓ Public policy objective of spreading cost of public facilities according to benefit to, and use by, citizenry (i.e., benefit/burden relationship).
 - ✓ Fixed interest cost and amortization facilitates budgetary certainty.



PROCEDURES AND GUIDELINES

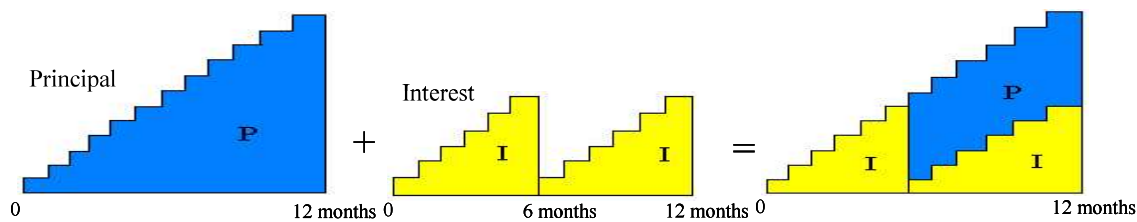
- Most investment assets are for liquidity or near-term expenditures in which short-term investments are appropriate.
 - ✓ Cash for construction
 - ✓ Reserve Funds
 - ✓ Debt Service (principal and interest) Funds

Unrestricted Cash

- Fund balances will fluctuate, and interest earnings on funds will increase and decrease with interest on variable rate investments.

Debt Service Funds are a Required Source of Short-Term Liquidity

- 1/6th next interest, 1/12th principal – monthly
 - ✓ Results in average life of 3 to 4 months
 - ✓ Average balance of approximately 33% of annual D/S
 - ✓ In place for life of bond issue



Bond Funds Are Yield Rebated

- **Construction Fund** earnings over the arbitrage yield can be kept if the construction funds are used according to spend down schedule stated by the Internal Revenue Code.
 - ✓ If not spent down accordingly, earnings over the arbitrage yield must be rebated.
- **Debt Service Reserve Funds** are restricted to the arbitrage yield.
 - ✓ Excess earnings can be blended with other bond proceeds, such as construction funds, for arbitrage purposes.

Correcting Asset/Liability Imbalances

- Get longer on the investment curve but within required liquidity/funding needs. Investment Management techniques include:
 - ✓ Longer Term (Treasury and Agency) Bonds
 - ✓ Structured Products (Forward Delivery Agreements, Guaranteed Investment Contracts)
 - ✓ Asset Swaps
- Get shorter on the debt curve but within acceptable credit rating standards. Debt Management techniques include:
 - ✓ Variable Rate Demand Bonds

PROCEDURES AND GUIDELINES

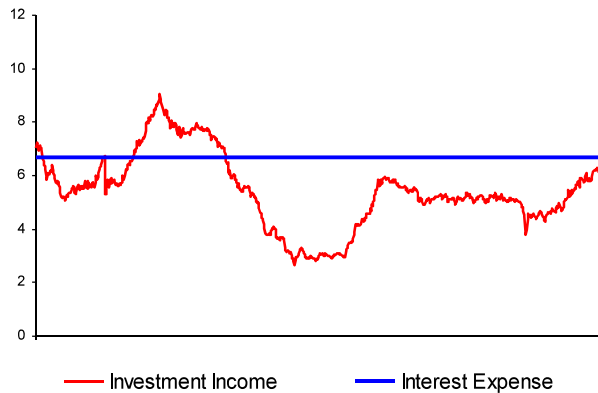
✓ Interest Rate Swaps

- Key is to accurately estimate short term funds and match the amount of variable rate debt to expected cash balances

Variable Rate Obligations Can Reduce Certain Risks

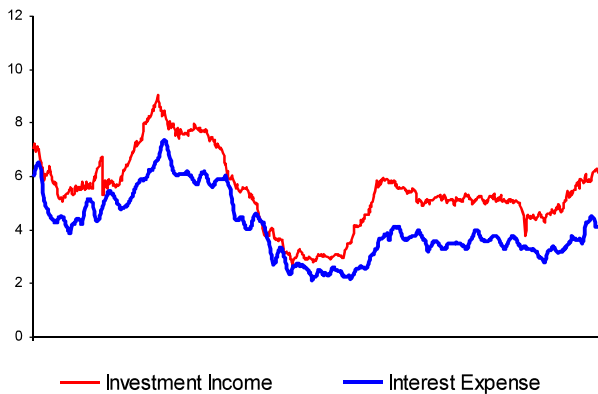
- Variable rate debt can reduce balance sheet risk.

ALL FIXED RATE DEBT



- Volatile cash flows from financial activities:
 - Unnecessarily high interest expense, low investment income
 - Risk of poor interest rate margins impacting budget
 - Difficulty in budgeting and meeting goals

HEDGED POSITION



- More stable and predictable cash flow

*For illustration only, actual results may differ

Asset-Liability Management Policy Recommendations



PROCEDURES AND GUIDELINES

-
- **Debt Service Reserve Funds Policy**
 - ✓ Reserves funded with fixed rate bond proceeds can be invested out the yield curve until the arbitrage yield is obtained.
 - ✓ May blend positive arbitrage against construction funds earning below the arbitrage yield.
 - ✓ If possible, use investment products that avoid mark to market valuation.
 - ✓ Avoid investments that could result in a loss of capital due to unexpected liquidation.
 - ✓ Manage funds within context of interest rate environment and to achieve asset-liability balance.
 - For example, when in a steep yield curve environment, JAXPORT may consider lengthening the investment horizon with structured investment products.
 - ✓ Consider whether P&I accounts are hedged with like amount of variable rate debt.

 - **Construction Proceeds and Unrestricted Cash Policy**
 - ✓ Bond construction proceeds are expected to be spent on projects relatively near term.
 - ✓ Cash reserves are typically included in prudent financial management strategies.
 - ✓ Cash balances are hard to predict and subject to change.
 - ✓ For both, consider only short term investments and money market type programs.
 - ✓ For both, consider hedging with short-term variable rate debt.

3. Variable Rate Debt

Three Reasons to Consider Variable Rate Debt

1. Asset-Liability Management
 - ✓ Hedges interest rate risk
2. Lower Debt Service Costs
 - ✓ Variable rates historically lower
3. Debt Flexibility
 - ✓ Fixed rate debt typically has call protection and is limited with respect to refunding's

Variable Rate Debt Can Impact JAXPORT Cash Flow

- Interest rate volatility arises from unhedged cash flows
- Additional or unexpected volatility can arise from improperly hedged cash flows

Variable Rate Debt Can Inject Flexibility Into JAXPORT's Capital Structure

- Tax law permits only one advance refunding of Non-AMT bonds and no advance refunding of private activity bonds
- Variable rate bonds are traditionally callable every thirty days, they are not subject to advance refunding rules



PROCEDURES AND GUIDELINES

- Variable rate debt call flexibility provides JAXPORT the opportunity to conduct current refunding's if necessary
- Options include:
 - ✓ Prepay debt – it may be in JAXPORT's best interest to prepay debt with excess cash for which variable rate bonds provide several options
 - ✓ Re-amortize – JAXPORT may need to re-amortize its debt structure to accommodate a more cost-effective borrowing plan. Variable rate debt enables JAXPORT to easily change its amortization schedule
 - ✓ Fix debt service – variable rate debt can be refunded on fixed rate basis along any point in the yield curve. JAXPORT can take advantage of low future fixed rates with this flexibility, opening up variable rate capacity for future, higher rate environments.

Rating Agency Guidelines for Variable Rate Debt

- Credit Factors rating agencies typically focus on when determining the impact of **variable rate debt** on an issuer's credit rating include:
 - ✓ Variable rate debt levels
 - ✓ Debt Management Plan
 - ✓ Liquidity risks for VRDOs
 - ✓ Hedging risks
 - ✓ Financial flexibility and resources
- **Variable Rate Debt Levels** - the appropriate level depends on an issuer's financial strength, composition of assets, ability to match assets with liabilities, and hedging strategies. Historically, net variable-rate and short term debt exposure of 25% to 30% of outstanding debt is an upper limit.
- **Debt Management Plan** - the Debt Management Plan should discuss items such as how variable rate debt fits into the issuer's total risk-management plan and how much thought has been given to "what if" situations under various interest rate scenarios.
- **Liquidity risks for VRDOs** - the liquidity risks for VRDO issuers are primarily having to constantly provide a source of liquidity.
- **Hedging risks** - financial derivative products, such as interest rate swaps, caps, and collars, are used to hedge interest rate exposure on variable rate debt. Like the debt itself, these products also have credit constraints (see Credit Factor for Swaps below).
- **Financial flexibility and resources** - issuers that have limited ability to raise taxes or charge higher rates and fees should refrain from taking on significant (*i.e. greater than appropriate levels*) variable rate debt.

Rating Agency Guidelines for Interest Rate Swaps

- An **Interest Rate Swap** is a contract to exchange interest rate payments



PROCEDURES AND GUIDELINES

-
- Credit factors rating agencies typically focus on when determining the impact of **Swap Contracts** and other hedging products on an issuer's credit rating include:
 - ✓ Counterparty Risk
 - ✓ Termination Risk
 - ✓ Rollover Risk
 - ✓ Tax Event Risk
 - **Counterparty Risk** – is the risk that the swap counterparty will “default” and leave issuer exposed to an unhedged variable rate position. JAXPORT will look to the credit worthiness of the counterparty to determine this risk.
 - **Termination Risk** – the risk that the swap contract could be terminated by the counterparty. JAXPORT will evaluate the swap contracts to determine that termination is a remote occurrence.
 - **Tax Event Risk** – all issuers who use variable rate bonds that trade based on the SIFMA index inherently accept risk stemming from changes in marginal tax rates. Rating agencies have given guidance in the way of income tax forecasts and tax event risk criteria.
 - **Rollover Risk** – is the risk that a swap contract is not coterminous with the related bonds.

JAXPORT's Attributes Impose Constraints on Variable Rate Obligations

- Revenues – sources cannot be significantly increased in a competitive environment. JAXPORT must be mindful of the consequences of rising interest rates.
- Coverage impacts – Rating agencies require that you assume fixed rates or higher when issuing variable rate debt. Declining coverage can undermine the capacity of the capital program.

4. Variable Rate Debt Policy

Setting Limits on Long-Term Variable Rate Exposure

- What is long-term variable rate debt?
 - ✓ Variable rate obligations with a long maturity (10 or more years)
 - Typically characterized by VRDOs and long-term fixed receiver swaps
- Circumstances in which JAXPORT will be required to fix long-term variable rate exposure
 - ✓ Rising rates / mitigating further rate risks
 - ✓ Substantial negative impacts to coverage
 - ✓ Reaching the maximum rate set in the bond documents
- Long-term variable rate exposure can be expensive to unwind
 - ✓ Long maturity and high rates translate to high present value cost
- Long-term variable rate limitation: no more than 30% of outstanding debt plus the average expected balance in the Debt Service Fund that is invested in money market.
 - ✓ Provides adequate amount of flexibility
 - ✓ Limits exposure to take-out risk



PROCEDURES AND GUIDELINES

Rate Sensitive Bonding Strategy

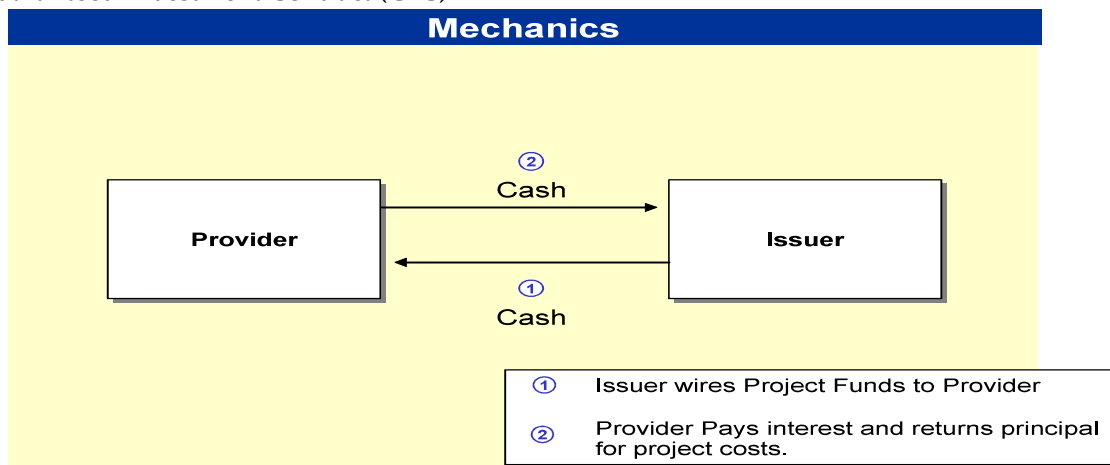
- A majority of JAXPORT's long term variable rate exposure should be put on when rates are high.
- Longer term exposure is more agreeable to a rate sensitive strategy.

Limitations on Short-Term Variable Rate Exposure

- What is short-term variable rate debt?
 - ✓ Limitations in duration of 10 years
- Short-Term variable rate debt is typically characterized by interest rate swaps, bank loans, and commercial paper
 - ✓ Swaps can be entered into for any term
 - ✓ Swaps can be accompanied by options that mitigate risk
- Short term variable rate debt provides options and limits take-out risk
 - ✓ JAXPORT may not choose to unwind in a high rate environment because exposure will roll off quickly
 - ✓ Termination less expensive due to a low average maturity
- Short-Term Variable Rate Limitation:
Limitation in amount on 30% of outstanding debt plus the unrestricted cash balances

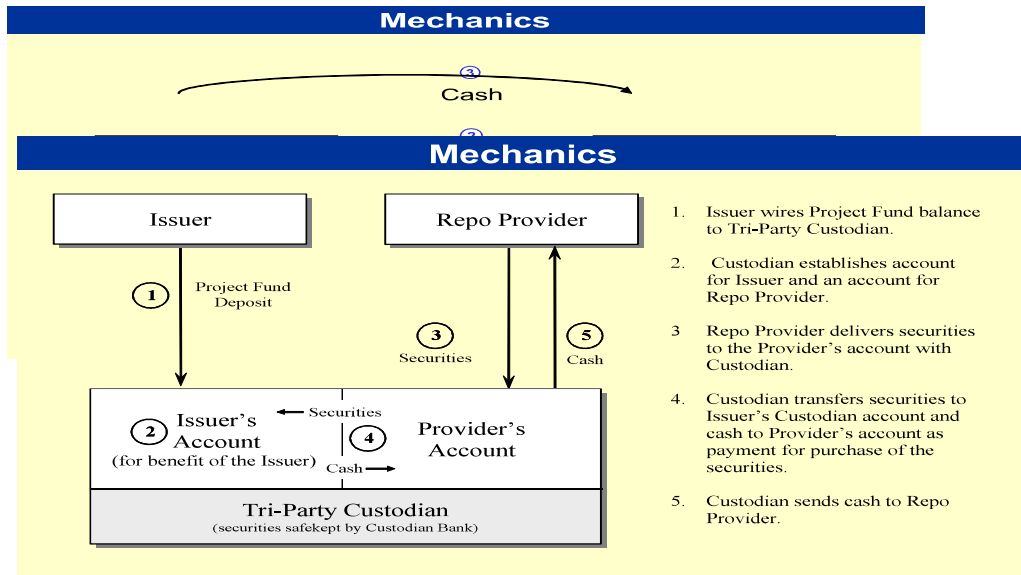
5. Structured Investment Products and Variable Rate Debt Products

Guaranteed Investment Contract (GIC)

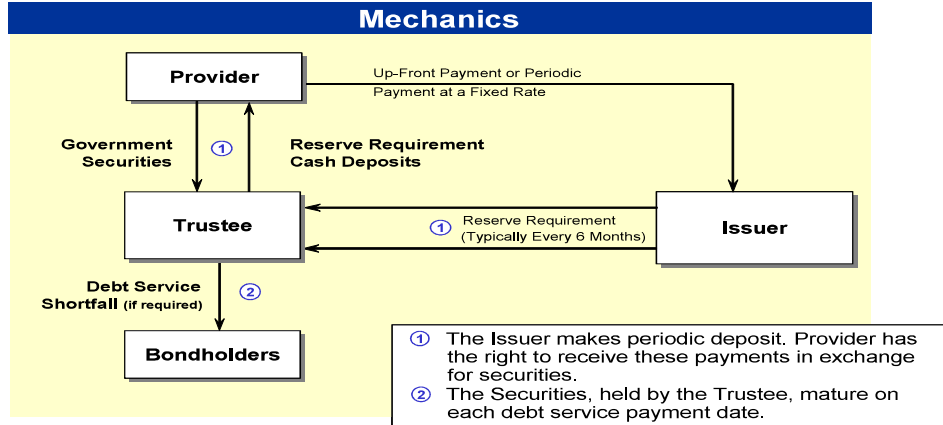


PROCEDURES AND GUIDELINES

Collateralized GIC



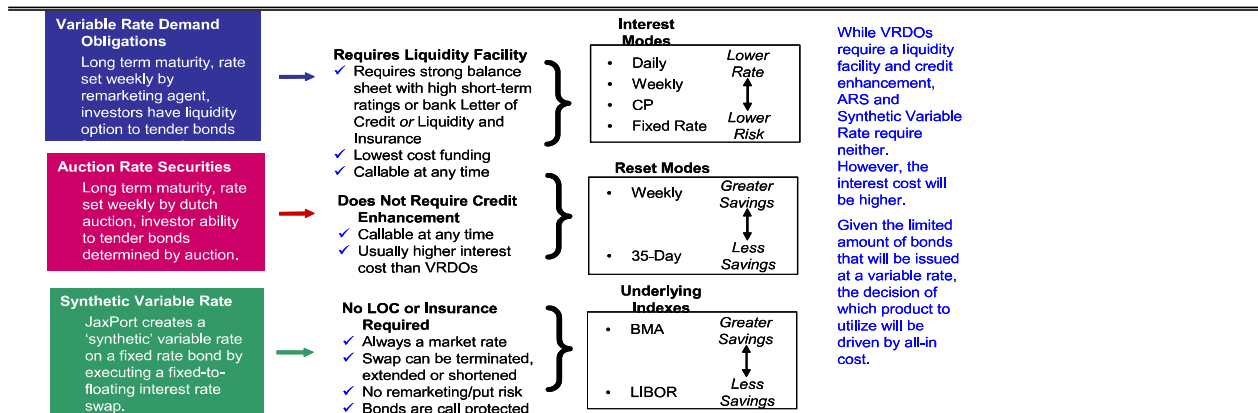
Forward Delivery Agreement (FDA)



Variable Rate Debt Product Evaluation



PROCEDURES AND GUIDELINES



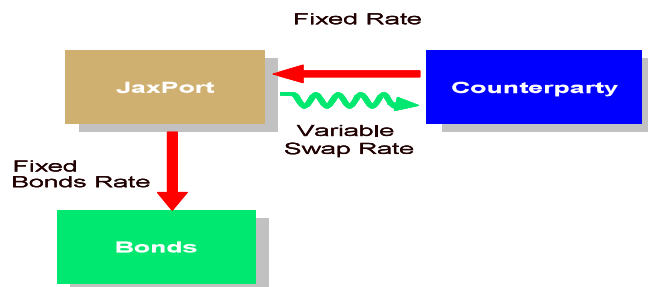
Interest Rate Swaps

Overview

- A swap is a contract to exchange interest rate payments
- Interest rate swaps allow an organization to reduce interest risk and increase net investment returns without changing investment approach or refinancing debt
- Does not involve principal, and therefore not considered debt
- Swaps can be executed either "linked" to, or independent of, existing debt
- Swap market is considerably larger than U.S. Treasury market

Mechanics of a Fixed-to-Variable Rate Swap

- Counterparty pays JAXPORT's fixed bond rate
- JAXPORT pays Counterparty a variable interest rate determined by swap, bond markets
- Fixed and variable interest rates are applied to the "notional" principal amount
- Principal is not exchanged
- Payments are typically netted semiannually



Effective Dates: FIN 201 – 10/1/2002; 8/29/2003; 10/1/2005; 8/31/2007; 11/30/2007
 DP 1234 – 1/1/2015

EXHIBIT A

CONFLICT OF INTEREST CERTIFICATE

Bidder must execute either Section I or Section II hereunder relative to Florida Statute 112.313(12). Failure to execute either section may result in rejection of this bid/proposal.

SECTION I

I hereby certify that no official or employee of JAXPORT requiring the goods or services described in these specifications has a material financial interest in this company.

_____ Signature	_____ Company Name
_____ Name of Official (type or print)	_____ Business Address
	_____ City, State, Zip Code

SECTION II

I hereby certify that the following named JAXPORT official(s) and/or employee(s) having material financial interest(s) (in excess of 5%) in this company have filed Conflict of Interest Statements with the JAXPORT Office of the Executive Director, 2831 Talleyrand Ave., Jacksonville, Florida 32206, prior to the time of bid opening.

Name	Title or Position	Date of Filing
_____	_____	_____

_____ Signature	_____ Company Name
_____ Print Name of Certifying Official	_____ Business Address
	_____ City, State, Zip Code

PUBLIC OFFICIAL DISCLOSURE

JAXPORT requires that a public official who has a financial interest in a bid or contract make a disclosure at the time that the bid or contract is submitted or at the time that the public official acquires a financial interest in the bid or contract. Please provide disclosure, if applicable, with bid.

Public Official _____
Position Held _____
Position/Relationship with Bidder _____

EXHIBIT B

SWORN STATEMENT PURSUANT TO SECTION 287.133(3)(A), FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted to _____
(print name of the public entity)
by _____
(print individual's name and title)
for _____
(print name of entity submitting sworn statement)
whose business address is _____

and (if applicable) its Federal Employer Identification Number (FEIN) is _____
(If the entity has no FEIN, include the Social Security Number of the individual signing
this sworn statement: _____.)
2. I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.
3. I understand that "convicted" or "conviction" as defined in Paragraph 287.133(1)(b), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.
4. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), Florida Statutes, means:
 1. A predecessor or successor of a person convicted of a public entity crime; or
 2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.
5. I understand that a "person" as defined in Paragraph 287.133(1)(e), Florida Statutes, means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. **(Indicate which statement applies.)**

_____ Neither the entity submitting this sworn statement, nor any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent of July 1, 1989.

_____ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

_____ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. **(Attach a copy of the final order)**

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH 1 (ONE) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES FOR CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

(signature)

(date)

STATE OF _____

COUNTY OF _____

PERSONALLY APPEARED BEFORE ME, the undersigned authority,

_____ who, after first being sworn by me, affixed
(name of individual signing)

his/her signature in the space provided above on this _____ day of _____, 20_____.

NOTARY PUBLIC

My commission expires:

EXHIBIT C

ACKNOWLEDGEMENT AND ACCEPTANCE OF E-VERIFY COMPLIANCE

E-VERIFY PROGRAM FOR EMPLOYMENT VERIFICATION

In accordance with the Governor of Florida, Executive Order Number 11-02 (Verification of Employment Status), whereas, Federal law requires employers to employ only individuals eligible to work in the United States; and whereas, the Department of Homeland Security's E-Verify system allows employers to quickly verify in an efficient and cost-effective manner;

The Contractor agrees to utilize the U. S. Department of Homeland Security's E-Verify system to verify the employment eligibility of all new employees hired by the Contractor during the term of the contract. Contractors must include in all subcontracts the requirement that all subcontractors performing work or providing goods and services utilize the E-Verify system to verify the employment eligibility of all new employees hired by the subcontractor during the contract term. The Contractor further agrees to maintain records of its participation and compliance and its subcontractor's participation and compliance with the provisions of the E-Verify program, and to make such records available to JAXPORT upon request. Failure to comply with this requirement will be considered a material breach of the contract.

By signing below, I acknowledge that I have reviewed, accept and will comply with the regulations pertaining to the E-Verify program.

Company Name

Name of Official *(Please Print)*

Signature of Principal

Title

Date

JAXPORT'S TRAVEL PROCEDURES AND GUIDELINES



PROCEDURES AND GUIDELINES

PROCEDURE: SOP 1236

TITLE: Travel

RESPONSIBILITY: Director of Finance

REVISION DATE: August 20, 2024

REVIEW DATE: August 20, 2024

PROCEDURAL CONTENT:

- | | |
|-----------------------|------------------------------------|
| 1. Corporate Card | 5. Reimbursable Expenses |
| 2. Request for Travel | 6. Travel Expense Report Submittal |
| 3. Means of Travel | 7. Monies due to JAXPORT |
| 4. Lodging | 8. Forms |
-

PURPOSE:

It is JAXPORT's objective to establish procedures and guidelines for all persons traveling on behalf of JAXPORT.

SCOPE:

These individuals include, but are not limited to employees, contract employees, board members, consultants and contractors. Any individuals traveling on behalf of JAXPORT must comply with the requirements in this procedure unless stipulated otherwise in a separate legal contract. JAXPORT will ensure that all travel is accomplished in compliance with Part 7 of Chapter 106 Ordinance Code of the City of Jacksonville, City Charter: Section 13.11, Statutory Authority: Section 1001.41(2), Florida Statutes, Laws Implemented: Sections 112.061; 1001.39, Florida Statutes.

Please refer to MP42 and MP43 regarding the definition of travel expenses, port promotions, and requirements for documentation.

DEFINITIONS:

Per Diem – Payments to traveler to compensate for expenses incurred while traveling away from their home base for periods of twenty-four hours or more.

PROCEDURES:

CORPORATE CARD

OBJECTIVES:

- To allow JAXPORT personnel access to efficient and alternative means of payment for approved expenses primarily related to business travel and expenses.
- To improve managerial reporting related to corporate card purchases.



PROCEDURES AND GUIDELINES

- To improve efficiency and reduce costs of payables processing.

POLICIES:

1. JAXPORT corporate cards have been assigned for all employees and the corporate cards are maintained in the Finance Department by the Manager of Treasury & Compensation. A traveler must notify the Manager of Treasury & Compensation prior to booking travel to have the card activated for use. Approximately, 24 to 48 hours prior to travel beginning, the traveler will be required to sign out their corporate card with the Finance Department. This will ensure that they are able to pay for any charges incurred while on travel for the port.
2. Corporate cards will only be used for legitimate business and travel expenses. Personal purchases of any type are *not* allowed.
3. Cash advances on corporate cards are *not* allowed.
4. Cardholders will be required to sign an agreement indicating they accept these terms. Individuals who do not adhere to these policies and procedures risk revocation of their corporate card privileges and/or disciplinary action.
5. Upon termination of employment, all individuals who maintain their corporate cards directly, must cut the corporate card in half and give it to Human Resources who will, in turn, notify the Manager of Treasury & Compensation.
6. Travelers who do not maintain their corporate cards directly, must turn in their corporate credit card to the Manager of Treasury & Compensation directly after travel.

PROCESS:

1. **Receipts:** Detailed receipts must be retained and attached to expense reports. In the case of meals and port promotions, each receipt must include the names of all persons involved in the purchase, and a brief description of the business purpose of the purchase, in accordance with Port Promotion, SOP 1242. In addition, single receipts under \$30.00 or multiple receipts not exceeding \$50.00, where the employee has paid for an out of pocket expense within Duval County, can be reimbursed directly from petty cash in Human Resources with a detailed receipt.
2. **Expense Report:** Expense reports must be promptly completed and submitted via the established process to enable timely payment of amounts due. All expenses charged while on travel will display on the expense tab in Concur (JAXPORT's web-based travel application) for the traveler to import into their expense report. Please note that charges can take anywhere from seven to ten day to display in Concur based on when the charge was processed through the vendor and bank.
3. **Tax-exempt certificates:** Cardholders should make every effort to ensure purchases made in Florida do not include sales tax. Tax-exempt certificates are available online in the Apps and Forms tab listed under PROCUREMENT on JAXPORT's Intranet. Cardholders should carry a copy of the State Tax Exemption Certificate as proof of the exemption from certain sales and uses taxes. If after the request for tax exemption is made, taxes are still assessed, reimbursement is appropriate.
4. **Disputing a charge:** Disputed billing can result from failure to receive goods or services charged, fraud, incorrect amounts and duplicate charges. The cardholder should contact the merchant first



PROCEDURES AND GUIDELINES

to resolve any outstanding issues. Notify JAXPORT Manager of Treasury & Compensation of the dispute.

5. **Lost/Stolen card:** Immediately notify Manager of Treasury & Compensation if the card is lost or stolen.

REQUEST FOR TRAVEL

All travel approval, prepaid expenses and expense reports will be handled through a web-based travel application (Concur). Manual forms will not be accepted unless the web-based travel application is unavailable.

Purpose of Travel: The purpose section of the travel form should clearly state the name(s); title and company of the customer the traveler will visit and/or the name of the event or conference the traveler will attend. This section should also include a statement in the comment section of the request to travel indicating the employee's travel has been discussed with and approved by their supervisor. In the case of Chief Travel, the statement should note in the comment section of the request to travel that their travel was discussed with and approved by the Chief Executive Officer, CAO, CFO, or a designee.

Travel Expense Reports are to be labeled as followed: Dates, Including Year, City, State (e.g. 12/15-19/2024 New York, NY). The expense report is to be created once the Travel Request has been approved. Flights, all pre-paid deposits for Car Rentals and Hotels are to be linked to the Expense Report immediately upon confirmation.

Personal Travel Profiles: All travelers are responsible for ensuring that pertinent details and preferences are accurately reflected in their Concur Travel Profile in JAXPORT's web-based travel application. This will include such items as phone numbers, emergency contact information, travel preferences, frequent-travel programs, TSA and Passport information, medical restrictions, special meal requirements and seat preferences.

Chief Executive Officer's Travel: The Chair, as approving authority, annually provides advanced travel authorization for all Chief Executive Officer travel that is estimated to be no more than \$2,500.00 per trip, and delegates to the Chief Administration & Corporate Performance Officer, or Chief of Staff, approval of travel expense reports, including any receipts/requests for reimbursement, as long as the trip expenses were no more than \$2,500.00.

If the Chief Executive Officer travel is estimated to be more than \$2,500.00, the Chair or Vice-Chair shall provide prior written travel approval, and may delegate to the Chief Administration & Corporate Performance Officer, or Chief of Staff, approval for the final expense reimbursement in an amount not to exceed the prior written approval.

Any expense reimbursement in excess of the pre-approved amount will be approved by the Board Chair.



PROCEDURES AND GUIDELINES

The Audit Committee shall be briefed on a quarterly basis of the Chief Executive Officer's travel expenses and remaining budget. The Chief Executive Officer's Senior Executive Assistant will be responsible for securing approval, from the Chairman through the board liaison for trips exceeding \$2500 and the CFO or CAO for trips not exceeding \$2500, prior to travel, preparing, reviewing and booking all travel and expense reports for the Chief Executive Officer through a web-based travel application. Additional responsibilities of the Senior Executive Assistant will include reviewing all expense reports for appropriate documentation and receipts prior to submission to Finance for reimbursement. All other procedures and guidelines will be adhered to regarding purpose of travel, travel request, hotel accommodations, flight arrangements, car rentals, expense report and any and all additional requirements.

City Council Members (domestic/international): Travel request(s) and expense report(s) for City Council members shall be approved by the Chairman of the Board or his designee. All other procedures and guidelines will be adhered to regarding the purpose of travel, travel request, hotel accommodations, flight arrangements, car rentals, expense reports and any and all additional requirements.

Board Travel Processing: Travel Request(s) and Expense Report(s) will be handled by the Senior Executive Assistant to the Chief Executive Officer and/or Board Liaison.

- Travel for any member of the Board of Directors (including necessary travel to and from Board meetings for any member who does not reside locally) must be approved by the attending Board Members (a quorum of four members) in the monthly Board Meeting prior to the actual travel.
- If the monthly Board Meeting does not take place prior to the travel, the preceding month's travel approval will take precedence.
- All other procedures and guidelines will be adhered to regarding purpose of travel, travel request, hotel accommodations, flight arrangements, car rentals, expense report and any and all additional requirements.
- **The Chairman of the Board or his designee will render approval of all Board members' expense reports and travel requests.** All expense reports shall be reviewed by the Accountant II, Billing and Travel before being submitted for final payment processing.

Subject Matter Experts: Appointed Travel Experts within each department will be responsible for booking travel for employees, helping with travel procedures, and assisting with expense report submissions. The, Sr. Executive Assistant /Board & Travel Liaison administrator will continue to provide overall support, monitoring and direction of the travel program.

Personal Leave/Extended Stays: If an employee desires to take leave in conjunction with official travel the following guidelines apply:

- Traveler must clearly indicate time approved leaves begins and ends on the expense report.
- Traveler will be responsible for any additional cost associated with Personal Leave/Extended Stays - airfare, hotel, car rental, meals, mileage, etc.



PROCEDURES AND GUIDELINES

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- Statement releasing JAXPORT of liability during any personal portion of travel that exceeds constructive travel time in conjunction with business travel must be signed by traveler prior to trip. The **Travel Waiver and Liability Release Form** can be found on JAXPORT's Intranet under the Apps and Forms tab under the TRAVEL tab titled – **Travel Waiver and Liability Release Form**).
 - If the traveler is on personal leave in conjunction with official JAXPORT business and the original intent of the travel gets canceled, the traveler will be responsible for reimbursing JAXPORT for any and all unrecoverable cost associated with the trip that otherwise could have been avoidable had it not been for the personal travel.
 - The traveler must clearly identify any portion of the personal travel taken in conjunction with official travel on the submitted expense report. The traveler is responsible for paying for all expenses or prorated portion thereof for any expenses associated with the personal travel. Reimbursement in the form of a check or money order from the employee for any additional cost associated with Personal Leave/Extended Stay must accompany the expense report.

MEANS OF TRAVEL

Travel will be deemed to have commenced at the lesser of the time the traveler actually began travel, or the latest time required to arrive at the destination to accomplish the purpose of the travel. The same constructive travel time will be applied in the return of the traveler. The purpose of applying this constructive travel time regulation is to ensure the traveler spends the least possible time on official travel.

Airline Common Carrier: Airline reservations are made by the traveler by means of the web-based travel application, and or travel agencies. Regardless of the method, the traveler is responsible for obtaining the most economical coach fare at the time of booking. However, fees charged by airlines for seat upgrades to economy comfort (i.e. seating directly in front of "economy" seating) is allowable for travel in excess of 3 hours (for one leg) and will be reimbursed with appropriate receipts and documentation. When booking certain legs of economy comfort, the employee will first need to book their entire flight as coach fare through Concur, and then after the flight is booked, go to the airline carrier's website, or call the airline carrier directly to upgrade the legs that will be in excess of 3 hours. The Employee may use their VISA travel card to pay for the upgrade.

Web-based travel application: Travelers are expected to book all air travel through JAXPORT's web-based application. Should delays or cancellations occur, the traveler can seek assistance for rebooking from the travel agent available through this service. Exceptions may be approved by the Chief of Staff or the Chief Financial Officer.

First Class Travel: At no time will the Traveler request first class reservations under any circumstance.

The following combination of officers will strive to adhere to the following guidelines for executive travel:



PROCEDURES AND GUIDELINES

1. The Chief Executive Officer and no more than one (1) Chief, one (1) Director / Sr. Director on the same aircraft.
2. No more than two (2) Chiefs or (2) Directors / Sr. Directors may fly on the same aircraft.
3. A Chief/ Director and no more than one (1) direct report may fly on the same aircraft.

Note: Deviations from the policy must be authorized in writing by the Chief Executive Officer prior to the commencement of travel.

Overnight Delays/Stopovers/Forced Layovers: Should an airline delay necessitate an overnight stay; the traveler must first attempt to secure complimentary lodging from the airline. If unsuccessful, the traveler should contact Travel Incorporated at 855-890-5172, or the appropriate travel agency for assistance.

Lost or Excess Baggage: The ultimate responsibility for retrieving and compensating for lost baggage lies with the airlines. JAXPORT will not reimburse travelers for personal items lost while traveling on business.

Measures that can be taken to minimize baggage losses include:

- Always carry valuables (e.g., jewelry, laptop computers, cameras, etc.) on board the aircraft.
- Always carry important and/or confidential documents on board the aircraft.
- Clearly tag luggage with name, address and phone number.
- Retain baggage claim receipts for checked baggage.

Excess/Overweight baggage charges will be reimbursed only in the following circumstances:

- When traveling with heavy or bulky materials or equipment necessary for conducting business.
- Excess baggage consists of JAXPORT's records or property.
- When traveling for more than 5 consecutive days.

Baggage Fees: The usual and customary baggage fees that are charged by airlines will be reimbursed for one bag with appropriate receipts and documentation.

Non-Refundable Tickets: Unused tickets credits may be applied towards future flights. These credits are subject to individual airline requirements.

Travel via Vehicle:

Automobile Rental: Travelers should consider renting a car for their destination under specific circumstances where it proves to be more advantageous than other modes of transportation. Renting a car is particularly recommended when:

Cost-Effectiveness: Driving is more economical than purchasing airline tickets. This includes situations where the cost of airfare, combined with additional transportation costs such as taxis or rideshares at the destination, outweighs the expense of renting and fueling a car.

Travel Time: The total travel time by car is comparable to or shorter than the time required for air travel, factoring in the time spent at the airport, security checks, and possible layovers.



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Transportation of Large or Bulky Items: Renting a car is practical when there is a need to transport large, bulky, or numerous items that would be difficult or expensive to carry on an airplane.

In these scenarios, renting a car offers a flexible, cost-effective, and efficient mode of transportation that may better meet the needs of the traveler.

When driving, travel should not exceed 400 miles one-way, unless approved by the Chief Executive Officer.

The Traveler/Subject Matter Expert (SME) is responsible for booking the most economical and practical size car available. The Traveler shall complete a Travel Comparison Worksheet available on the Apps/Forms tab on JAXPORT's intranet to determine the most cost-effective means of travel. Reimbursement will be based on the amount of the most cost-effective means of travel regardless of the travel conveyance used.

Ride Share: Basic Ride Share transportation costs are reimbursable.

JAXPORT's preferred Car Rental carrier is AVIS BUDGET GROUP.

The traveler should at all times carry a copy of the City and State Tax Exemption Certificate and a copy of JAXPORT's Self-Insured Memorandum and Certificate of Self-Insurance Coverage and make a reasonable effort to inform the provider of the City and State exemption from such taxes when picking up a rental car, and also inform the provider of JAXPORT's self-insurance coverage. If after the request for tax exemption is made, taxes are still assessed, reimbursement to the traveler is appropriate. When traveler is traveling by a rented automobile, he/she will be reimbursed for tolls, parking and gas.

Rental Car Insurance – within the United States: For vehicles rented within the United States, all forms of optional insurance shall be declined. Please keep a copy of the Self-Insured Memorandum and Certificate of Self-Insurance Coverage with you when traveling to present to the rental car provider. These forms can be found on JAXPORT's Intranet under the Apps and Forms tab under the TRAVEL tab titled JAXPORT's Self-Insured Memorandum & Certificate of Self-Insurance.

Rental Car Insurance – International: Travelers should accept ALL insurance coverage when renting cars in a foreign country. Car rental insurance coverage purchased in a foreign country is reimbursable.

Rental Car Accidents: Should a rental car accident occur, travelers should immediately contact - The rental car company; JAXPORT's Risk Manager, James Conoly 904 524-0458 (mobile) 904 357 3083 (work).



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Fleet Vehicle: Use of a JAXPORT fleet vehicle is a preferred method of travel within our ten-county radius. Please reference SOP 1109, Motor Vehicle Program. The ten-county area is comprised of Duval, Clay, Flagler, St. Johns, Nassau, Baker, Alachua, Putnam, Columbia, and Bradford.

POV (Personally Owned Vehicle): Use of a personally owned vehicle is allowed, if it is the most cost-effective means of travel and is approved by the Traveler's manager. The Traveler shall complete a Travel Comparison Worksheet available on the Apps/Forms tab on JAXPORT's Intranet to determine the most cost-effective means of travel. Reimbursement will be based on the amount of the most cost-effective means of travel regardless of the travel conveyance used. When traveling in a personally owned vehicle, the responsibility for any repairs needed falls solely on the vehicle owner.

Tolls: Traveler's using Fleet vehicles will request the use of the SUNPASS transponder from the department's Travel Subject Matter Expert (SME) or HR. Use of the SUNPASS transponder will cause any Florida tolls to be automatically charged to JAXPORT's transponder account. Any such toll activity that did not include use of the SUNPASS transponder will be expensed on the Traveler's expense report.

LODGING

Lodging shall be authorized and reimbursed at the reasonable, actual and necessary expense thereof, not to exceed the single room rate and associated taxes. Regardless of payment, the actual zero balance receipt must be submitted with the expense report.

High End Hotel Rates: Depending on the location of the business travel, if a daily hotel rate is considered to be on the high end, the Traveler shall select lodging that is the most economically available, consistent with the duties being performed.

Lodging In-State: If travel is within the State, the traveler should carry a copy of the City and State Tax Exemption Certificate as proof of the exemption from the certain sales and use taxes. The traveler should make a reasonable effort to inform the provider of the City and State exemption from such taxes. If after the request for tax exemption is made and taxes are still assessed, reimbursement to the traveler is appropriate.

Lodging in Foreign Country: Travelers performing foreign/international travel will be reimbursed for the actual cost incurred for lodging.

If traveling to an event/conference, the traveler is allowed to stay at the hotel where the event/conference is taking place. Booking should take place in advance to take advantage of discounted conference rate.

Hotel Cancellation Procedures: Travelers are responsible for cancellation of hotel room within the allotted cancellation period. Travelers should request and record the cancellation number in case of billing disputes.



PROCEDURES AND GUIDELINES

REIMBURSABLE EXPENSES

Unless otherwise noted, all travel should originate from Jacksonville, Florida. The time traveled is the shorter of the time the traveler actually began travel or the latest time reasonably possible to arrive at the destination at the time required to accomplish the purpose of the travel. Based on airport requirements, travelers should arrive at the airport two hours prior to the time of departure(s).

For JAXPORT employees that do not reside within Duval County, the same procedures apply when traveling outside their respective county.

Privately Owned Vehicle: With Management approval, Travel will originate at the principal workplace i.e. JAXPORT facility during Monday through Friday or from the traveler's home during weekend or holidays; or at the traveler's home whichever is the lesser actual mileage to the destination. A traveler may elect to drive a Privately-Owned Vehicle (POV) in lieu of air travel or the combination of air travel and auto rental or any other conveyance; however, the payment will be made at the lesser of actual expenses.

All mileage shall be computed from the point of origin to the point of destination. Auto mileage must reflect actual mileage traveled on official business. Any other miles traveled must be reported as vicinity miles and JAXPORT will determine if vicinity miles seem reasonable or excessive. Note: The distance between Jacksonville International Airport and return to JAXPORT facility will not exceed (15) miles in each direction.

For all travel made by Privately Owned Vehicle, reimbursement will be made at the current rate per mile prescribed by the Internal Revenue Service.

A cost analysis must be done to determine the most economical means of travel then reimbursement shall be at the lessor of costs associated with each alternative (see Travel Comparison Worksheet in Forms and Apps on JAXPORT intranet) including:

- 1) The current IRS rate per mile for the entire distance, including vicinity miles, or
- 2) The airline common carrier fare from the city to the airport nearest the point of travel destination for all travelers using their Private Motor Vehicle, plus the IRS rate per mile for mileage equal to the distance from the airport to the point of destination plus any vicinity mileage.

Mileage Reimbursement within Duval County: This mileage reimbursement guideline pertains to travel performed on official business within Duval County. An employee who uses his/her private vehicle for official JAXPORT business within Duval County is entitled to reimbursement per mile at the current IRS rate and also parking. These reimbursements are paid by completing an expense report through our automated system. Any staff member who receives a car allowance is not allowed to claim personal vehicle mileage within Clay, Duval, St. John's County, Nassau or Flagler counties. Please reference SOP 1109, Motor Vehicle



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Program, filed under Human Resources. Below are standard inner-city destinations with one way and roundtrip mileage calculations:

From PCOB to Destination's Below	One Way	Roundtrip
Downtown (City Hall, Chamber, Hyatt)	4.2	8.4
Blount Island Marine Terminal - BIMT	15	30
Dames Point Marine Terminal – DPMT (Cruise Terminal)	12	24
Dames Point – DPMT	14	28
Jacksonville International Airport - JIA	15	30
Jacksonville Transportation Authority - JTA	5	10
Jacksonville Electric Authority -JEA	4.1	8.2
Duval County School Board – DCSB	7	14
Security Operations Center (SOC)	11	22
Jacksonville Zoo	8	16
Prime Osborne Convention Center	5.4	10.8
Times Union Center	4.3	8.6
Veterans Memorial Stadium /Metropolitan Park	3	6
Small Business Office (Gateway Mall)	4	8
University of North Florida - UNF	14.5	29
Florida State College of Jacksonville (North Campus)	10	20
Jacksonville University – JU	6.5	13.0
11 Street – Main Gate / Main Office	1	2

Meal Per Diem: While in travel status, meals shall be reimbursed at the following fixed rates only when travel begins before and extends beyond the times specified:

- 1) **Breakfast:** A Per Diem of twenty dollars (\$20) is paid, when travel *begins before* 6:00 a.m. and *extends beyond* 8:00 a.m. A double Per Diem of twenty (\$40) will be paid for International travel. For air travel ONLY, travel begins two (2) hours prior to the time the traveler's conveyance actually departs or two (2) hours after the traveler's flight has actually returned.
- 2) **Lunch:** A Per Diem of twenty-five dollars (\$25) is paid, when travel *begins before* 12:00 noon and *extends beyond* 2:00 p.m. A double Per Diem of fifty (\$50) will be paid for International travel. For air travel ONLY, travel begins two (2) hours prior to the time the traveler's conveyance actually departs or two (2) hours after the traveler's flight has actually returned.
- 3) **Dinner:** A Per Diem of thirty-five (\$35) is paid, when travel *begins before* 6:00 p.m. and *extends beyond* 8:00 p.m., or when travel occurs during nighttime hours due to special assignments.



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A double Per Diem of seventy (\$70) will be paid for International travel. For air travel ONLY, travel begins two (2) hours prior to the time the traveler's conveyance actually departs or two (2) hours after the traveler's flight has actually returned.

- 4) If attending a conference and the traveler is provided one or more meals without a specific charge, the traveler is not entitled to per diem for which the meal is furnished unless the traveler participated in a conflicting business engagement. Such conflict should be referenced in the comments section of the expense report.

Daily Per Diem: A daily per diem rate of \$80 domestically, or \$160 internationally, will be paid for an entire day when travel time for that day begins before 6:00 a.m. and extends beyond 8:00 p.m.

NOTE: Documentation indicating meal inclusion/exclusion must be submitted in the Concur Travel Expense Report created after completing travel. After inputting the itinerary, the next screen will be titled "Expenses & Adjustments." This is where you would detail any meals that were provided for you. No additional reimbursement will be paid for meals provided during conferences/seminars/business meetings unless Traveler documents a conflicting business reason that prevented attendance at the provided meal.

PHONE CALLS

Business Calls: Any travel related business calls are approved on JAXPORT issued phones. The Traveler is to notify Kathy Bell 904-357-3054) of intended international travel so that international calling privileges are made available. No expenses for personal calls will be reimbursed.

Miscellaneous Reimbursable:

- 1) Ferry fares, bridge, road and tunnel tolls.
- 2) All parking fees are reimbursable when incurred for business purposes. For air travel of trips of four days or more, reimbursement will be based on long term parking rates.
- 3) Storage fees.
- 4) Laundry cleaning is approved only if travel exceeds five (5) business days.
- 5) Bottled water consumption will be reimbursed at a reasonable level for **International travel only; Mini bar charges for water will not be reimbursed under any circumstance.**
- 6) Mini bar charges of any kind will not be paid by JAXPORT.
- 7) Personal expenses such as movies and non-business telephone calls will not be reimbursed by JAXPORT.
- 8) Tips: Reimbursement request for tips for taxi, baggage handling and valet parking must be accompanied by a valid receipt or a signed affidavit for reimbursement.



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- Taxi fare/Rideshare to include tips (not to exceed 10% of fare – receipt required).
 - Transportation of baggage not exceeding \$1 per bag per transfer, limited to no more than \$2 per transfers.
 - Valet parking tips (not to exceed 10% of fee).
 - Tips for porters, baggage carriers, bellhops, hotel maids, stewards and others may not exceed \$3 per day total.
- 9) Miscellaneous fees charged by airlines such as baggage fees, seat upgrades to economy comfort and other similar expenses that are usual and customary will be reimbursed with appropriate receipts and documentation. Baggage fee reimbursement is limited to one (1) bag.
- 10) For additional miscellaneous reimbursements not covered directly in this policy, please reference, SOP 1232, SOP 1110 and SOP 1242.

TRAVEL EXPENSE REPORT SUBMITTAL

Approval: *A Travel Expense Report must be completed online no later than 45 days after the completion of travel.* Any expense reports submitted with incomplete information or incomplete documentation will be returned to the traveler for revisions. Failure to complete your expense reports within 45 days will result in delay of future travel for port business, denied access to your corporate credit card privileges and/or disciplinary action up to and including termination.

Documentation/Receipts: The traveler must retain the passenger receipts for expense report documentation. Actual receipts, conference materials, port promotions, itineraries, trip reports and other written documentation pertaining to travel must be included in the travel expense report. At all times the required fields located on the travel expense report must be completed (name, destination, departure and return time, and business purpose). All Receipts, Registration Confirmations, Conference Agendas or other items must be attached to your expense report in Concur as a PDF. A signed and notarized affidavit is required when no receipt or no itemized receipt is available.

Trip Report: A trip report should be submitted in Concur even in cases where a traveler did not attend a scheduled conference, seminar or training. Each individual traveler must submit his or her own trip report detailing the accomplishments during the trip or a conference/seminar agenda.

Listed below are the items that must accompany a Travel Expense Report in order for the expense report to be processed and the traveler to be reimbursed when applicable:

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| • Approved Advance Request Form | • Notarized Affidavit Form | • Taxi Receipts |
| • Paid Lodging Bill with a zero balance | • Boarding Pass/Stubs-when available from the carrier * | • Written explanation for not meeting 45-day Travel Expense Report rule |
| • Foreign Cash Exchange Receipts | • Port Promotion Receipts | • Toll Receipts |
| • Receipts for foreign taxes | • Rental Car Receipts | |
| • Trip Report | • Storage Receipts | |
| • Conference Agenda | • Gasoline Receipts | |



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*Due to changes in the airline industry with regard to Boarding Passes and Electronic Ticketing (E-Tickets) the following will apply when E-Tickets are issued. In cases when the carrier does not issue/ return Boarding Passes (i.e. Southwest, Jet Blue, etc.) a receipt from your E-Ticket check-in is required for reimbursement.

Foreign Travel: While traveling in foreign countries, the credit card must be used in all possible cases. Reimbursement for such charges will be made based on the actual credit card transaction which will include the foreign exchange rate and the credit card conversion fee, if applicable. When traveling abroad, always opt to leave your receipt in the local currency while making purchases to ensure we get the best exchange rate and avoid unnecessary fees. When you return from your trip and prepare your expense report in Concur, the charges will automatically convert to American dollars.

MONIES DUE TO JAXPORT

For any errors in payment to the traveler, amounts are recovered in the following order:

- Deducted from any pending travel reimbursements
- If there are no pending reimbursements, a Personal check payable to JAXPORT
- In cases of hardship, a deduction from the employee's payroll check/checks

FORMS

- Travel Waiver and Liability Release Form
- Travel Comparison Worksheet

ADDITIONAL SOP REFERENCES: SOP 1109 MOTOR VEHICLE PROGRAM

SOP 1232 PETTY CASH

SOP 1242 PORT PROMOTION

SOP 1110 RECRUITING AND RELOCATION

EFFECTIVE DATE:

SOP1236 – 12/18/2019; 1/11/2023; 2/8/2023; 7/24/2023; 10/13/2023, 8/20/2024