



Minutes for Board of Directors Meeting

03/28/2022 | 09:00 AM - 09:55 AM - Eastern Time (US and Canada)

2831 Talleyrand Avenue, Jacksonville, FL 32206

Board Members Attending:

Ms. Wendy Hamilton, Chairwoman
Mr. Palmer Clarkson, Vice Chairman
Mr. Daniel Bean, Treasurer
Mr. Brad Talbert, Secretary
Mr. Ed Fleming, Member
Mr. Jamie Shelton, Member
Mr. Ceree Harden, Member

Other Attendees:

Mr. Eric Green, Chief Executive Officer
Mr. Fred Wong, Chief Operating Officer
Ms. Beth McCague, Chief Financial Officer/Chief of Staff
Ms. Linda Williams, Chief, Adm. & Corporate Performance
Mr. Nick Primrose, Chief, Regulatory Compliance
Mr. James Bennett, Sr. Director, Engineering & Construction
Mr. Robert Peek, Director & GM, Business Development
Mr. Mike McClung, Director of Finance
Mr. Reece Wilson, Office of General Counsel
Ms. Rebecca Dicks, Board Liaison

Agenda

A meeting of the Jacksonville Port Authority Board of Directors was held on Monday, March 28, 2022 at the Port Central Office Building, 2831 Talleyrand Avenue, Jacksonville, Florida. Chairwoman Wendy Hamilton called the meeting to order at 9:00 a.m. and welcomed all attendees. Board Member Ceree Harden led the audience in the Pledge of Allegiance and a moment of silence.

Approval of Minutes - Special Board of Directors Meeting - February 14, 2022

Chairwoman Hamilton called for approval of the February 14, 2022 Special Board of Directors Meeting Minutes. After a motion by Mr. Bean and a second by Mr. Clarkson, the Board unanimously approved the minutes as submitted.

Public Comments

Chairwoman Hamilton called for comments from the public. There were no public comments.

New Business

BD2022-03-01 - FY2021 Audited Financial Statements

Ms. Beth McCague presented this submission for Board approval to accept the FY2021 clean opinion of JAXPORT's audited financials prepared by RSM US, LLP.

Chairwoman Hamilton stated that the Audit Committee met earlier this morning. She called on Audit Committee Chairman Palmer Clarkson to share some of the highlights of this meeting.

Mr. Clarkson stated that the Audit Committee did meet earlier this morning and that Mr. Jeff Zeichner of RSM briefed the committee and presented a clean unmodified opinion with no adjustments and no recommendations. Mr. Clarkson stated the committee is very proud of JAXPORT's accounting team. Mike McClung's group did a fantastic job. The Audit Committee approved the FY2021 Audited Financial Statements and the committee recommends Board approval of them as well.

After a motion by Mr. Clarkson and a second by Mr. Bean, the Board voted to approve this submission.

BD2022-03-02 - Public Transportation Grant Agreement - Seaport Security

Mr. James Bennett presented this submission for Board approval and acceptance of the Florida Department of Transportation (FDOT) Public Transportation Grant Agreement (PTGA) for JAXPORT's Seaport Security Initiative. The three key components covered by the PTGA are: (1) the purchase and installation of a thermal and/or radar detection system and address certain physical security needs; (2) the purchase and installation of a video streaming system hardware to support situational awareness at cargo and passenger terminals; and (3) the purchase and installation of handheld, backpack, and/or vehicle vessel mounted chemical, biological, radiological, and nuclear (CBRN) detection and identification devices.

After a motion by Mr. Talbert and a second by Mr. Clarkson, the Board voted to approve this submission.

BD2022-03-03 - Public Transportation Grant Agreement - Berth Improvements (Berth 22 Upgrades)

Mr. James Bennett presented this submission for Board approval and acceptance of the Florida Department of Transportation (FDOT) Public Transportation Grant Agreement (PTGA) for improvements

to Berth 22 by installing a breasting dolphin and a mooring dolphin to accommodate larger auto vessels (750' LOA), and also widen a portion of the existing deck to allow for mid-ship ramps to be used simultaneously with the stern quarter-ramp.

After a motion by Mr. Harden and a second by Mr. Fleming, the Board voted to approve this resolution.

BD2022-03-04 - Public Transportation Grant Agreement - Berth Improvements (Berth 20 T Berth Construction)

Mr. James Bennett presented this submission for Board approval and acceptance of the Florida Department of Transportation (FDOT) Public Transportation Grant Agreement (PTGA) for improvements to Berth 20 by extending it from the current "L-Shaped" berth to create a "T-Shaped" berth so as to allow for two 750' LOA RO/RO vessels to berth simultaneously, thereby increasing the capacity for RO/RO operations for auto processing at Blount Island Marine Terminal.

After a motion by Mr. Bean and a second by Mr. Talbert, the Board voted to approve this submission.

CEO Update

Mr. Green began his report by recognizing ILA Local 1408 members Mr. Nathaniel Gardner, Mr. George Spencer, and Mr. Charles Spencer, and thanking them for attending today's meeting.

Mr. Green stated that he is pleased to announce that JAXPORT's global reach is continuing to grow with the addition of another service. Mediterranean Shipping Company (MSC) is adding a new container service through JAXPORT starting in April. MSC's Florida Gulf Feeder will begin calling on the Blount Island Terminal connecting Jacksonville to major transshipment hubs in the Dominican Republic and the Bahamas. Mr. Green stated that growing JAXPORT's connections to these transshipment hubs helps to expand our global reach by adding capacity between Jacksonville and virtually every major port in the world.

He stated that this announcement comes three weeks after Sea Lead Shipping selected Jacksonville as a port of call on its first ever U.S. East Coast service. This service will call on three ports in China and one in South Korea before coming to Jacksonville. Jacksonville's uncongested berths and its soon to be completed 47-foot deepening project were key factors in Sea Lead's decision to choose JAXPORT.

Mr. Green stated that these two new services come on the heels of JAXPORT's recent trip to the Trans-Pacific Maritime (TPM) Conference in California. TPM is one of the world's largest gatherings of cargo decision makers and the port's own Robert Peek served as a panelist during the conference where he

was able to discuss the benefits of using uncongested gateways and furthering JAXPORT's message that it is a port of choice for the industry.

Mr. Green informed the Board that the sales team and C-suite members continue to hold regular meetings with carriers, potential shippers and other cargo decision makers. Based on the feedback he is receiving, he is confident that JAXPORT will continue to have more good news to share in the coming weeks.

Mr. Green stated that JAXPORT will host its Small Business Appreciation Day event on May 24th. This event connects area small businesses with contract opportunities at the port and other area agency experts will be on hand to provide networking and resources. He stated that the port's small business program helps ensure small businesses are included in port opportunities.

Mr. Green informed the Board that the port continues to enjoy a successful cruise restart with approximately 80 to 85 percent occupancy on the first two sailings. During last Tuesday's City Council meeting, Fred Wong, Beth McCague and a representative from Carnival celebrated the cruise line's 50th birthday by presenting a birthday cake to the Jacksonville City Council. Mr. Green also thanked our City Council liaison Ron Salem and the entire City Council for their support of JAXPORT's cruise community and the jobs and economic impact it supports in Jacksonville.

Mr. Green stated that JAXPORT is also maximizing the use of its cruise terminal by serving as the Southeast U.S home port for the luxury small cruise line American Queen voyages. On April 21st, JAXPORT will welcome the Seven Seas Navigator for a one-time port of call. The vessel is operated by Regent, a division of Norwegian Cruise Lines. The ship carries about 750 passengers and is visiting multiple destinations from Bermuda and the U.S east coast up to Canada. All of these sailings build on the economic impact cruise has on our community by attracting tourists from all over the country to Jacksonville.

Reports

R2022-03-01 Engineering and Construction Update

Mr. James Bennett provided an overview of the key capital and engineering projects.

R2022-03-02 Financial Highlights by Beth McCague

Ms. Beth McCague provided Financial Highlights to the Board in their books for the month of February 2022.

R2022-03-03 Financials/Vital Statistics

Mr. Mike McClung provided an overview of the financials and vital statistics.

R2022-03-04 Commercial Highlights

Mr. Robert Peek provided updated commercial highlights to the Board for the month of March 2022.

Other Business

Chairwoman Hamilton called for approval of the settlement agreement in Case Number: 3:20-cv-143-MMH-PDB that each board member had been individually briefed on prior to this meeting. After a motion by Mr. Fleming and a second by Mr. Bean, the Board voted unanimously to approve this settlement agreement.

After a motion by Mr. Clarkson and a second by Mr. Shelton, the Board unanimously approved travel by one or more Board Members of the Authority for business solicitation purposes or to attend any necessary conferences and/or meetings during the months of April/May 2022.

Chairwoman Hamilton asked the Board members if anyone had any comments or remarks before she adjourned the meeting.

Board Member Jamie Shelton stated that he wanted to read a statement into the record at this time in response to some recent notoriety in press reports about the issue surrounding the raising of the power lines over the St. Johns River near Blount Island.

Mr. Shelton stated, "While I typically do not respond to individual news articles, I feel compelled to address several inaccuracies in a March 24 column about the JEA powerlines crossing the St. Johns River near Blount Island. Every journalist, just like any of us, is entitled to his or her own opinion, but they are not necessarily entitled to their own facts. I want to take a minute this morning to share the facts.

I wrote to Governor DeSantis because the State of Florida has invested hundreds of millions of dollars into our port over the last few years. As you see here at each board meeting, and again this morning, the investments they make, including but not limited to hundreds of millions into the deepening project. I believe Governor DeSantis has a right to know about any issue that negatively impacts our ability to provide the project's maximum return on investment for the citizens of the State of Florida.

Another fact: every day we delay we are losing business. The latest example: on February 14, JAXPORT tenant SSA Atlantic turned away a large vessel because it couldn't fit under the powerlines. The ship is operated by one of the world's top five ocean carriers and was attempting to divert to JAXPORT due to congestion at another East Coast port. In addition to losing business on that vessel call, we also lost out on the opportunity to showcase Jacksonville's capabilities to one of the world's largest shipping lines.

Additionally, the fact is that JEA has never formally committed to raising the powerlines or offered a timetable, despite nearly a dozen meetings between JAXPORT and JEA leadership dating back to 2017. JEA CEO Jay Stowe estimates the project will cost about \$30 million dollars, maybe a little more with inflation. Last year, JAXPORT offered JEA \$4 million to help fund the project. That offer was rejected by JEA. In late 2021, in a meeting that I attended, I offered for JAXPORT to pay the project's environmental impact study to again try to move this project along. We sent JEA a memorandum of understanding regarding that offer in December and have yet to even receive a response.

Every day that we delay is wasted economic opportunity for our state, particularly amid the current supply chain crisis. We need JEA to stop dragging their feet, commit to raising the powerlines and, more importantly, join us at the table for a discussion about how to get it done.

If they will commit to raising them, we will commit to being a partner, and those are the facts.

Now off script just a little bit, I just want to say this as well as everyone knows as a board here we are not allowed to communicate without noticing a meeting and that we are a mixed Board. Some were appointed by the Mayor of the City of Jacksonville and confirmed by the City Council and other Board members are appointed by the Governor and confirmed by the Senate.

Prior to sending a letter to Governor DeSantis, in the effort to just continue to help us push this project along, I want everyone to understand that it wasn't just the Governor that I reached out to. I spoke to several individuals. I spoke to Mayor Curry when the Governor was visiting JAXPORT on the day the Governor made the announcement on the signing of a new shipping line, and I spoke to Jason Teal with the Office of General Counsel for the City of Jacksonville. I also had phone conversations with City Council President Sam Newby and Vice President Terrence Freeman, plus another conversation with City Councilman/JAXPORT Liaison Ron Salem, who unfortunately is not with us this morning, but I want you to know that the first call I made was to JEA Board Chairman John Baker, a very close friend and a former JAXPORT Board member here at JAXPORT. John and I had a conversation, which I won't go into details, but it was a very good conversation and there's support, but there was also some surprise and there's certainly frustration on both our parts that this is not getting done.

At the end of the day, we started this process years ago with the dredging for a better economic port here in Jacksonville to create jobs, to enrich our economy, and at the same time to make sure we take care of the natural assets whether it be the turtles that James spoke about earlier today, and we are protecting our river and we are committed to that, but where we are today, and I know this is another comment, I fully believe that the management of JEA has no intentions of raising the power lines. That information is not based on a conversation, it is based on my intuition and the number of meetings that I have participated in. I believe they have members of their Board that will support this, but I do not believe management is ever going to bring it to a level that needs the attention that it needs.

So, where we are is that we just want an answer. It's either their responsibility or it's not. It's not that complicated. Now legally, Nick Primrose may tell you there's some complex things and we believe that it is their responsibility to raise the power lines now that the harbor is dredged. It creates a safety issue, it creates an issue with the Army Corps, and we believe it's their responsibility. It's also my understanding that Jason Teal at the Office of General Counsel has some authority, maybe all authority. It may be a binding authority when there are disputes between government agencies like JEA and the JAXPORT. Have we met with him? No, we have not. I've only spoken to him. There have been meetings with him. I know that Councilman Salem has met with him. I know there have been conversations and all we are looking for is a timely, not six months from now, not a year from now, that it is either their responsibility or it is not. If it is not, then we have to pivot and figure out another way to try to raise the power lines or we don't, but we need an answer as this has been going on for many years.

I think I referenced 2017 in my prepared remarks, but I know that the conversation started early with CEO Paul McElroy and continued with other JEA CEO's and now they are not going anywhere with CEO Jay Stowe.

I don't like doing things without consulting my other colleagues, but unfortunately this was the case because of sunshine laws that I could not do that, but my thought is in the best interest of the port and going forward that at least now we can get this issue in the open and people can write or have opinions and do whatever they choose, but we need an answer and we have to get this done."

Chairwoman Hamilton asked if anyone else had any comments to make on this issue. There being none, she adjourned the meeting at 9:55 a.m.