Board of Directors Meeting

Start Time is 8:45AM or immediately following Audit Committee Meeting

February 24, 2025 08:45 AM

Agenda Topic	Presenter
Agenda	
I. Pledge of Allegiance/Moment of Silence	Palmer Clarkson
II. Approval of Minutes	Chair Wendy Hamilton
Board of Directors Meeting Minutes - January 27, 2025	
III. Public Comments	
IV. Presentations:	Joey Greive
Check Presentation to United Way & CHC: Creating Healthier Communities	
V. New Business	
BD2025-02-01 FY2024 Audited Financial Statements	Joey Greive
BD2025-02-02 Fulton Cut Crossing Electric Transmission Lines Project Agreement	Joey Greive
BD2025-02-03 Seaonus (Blount Island - Breakbulk) Facilities Lease Agreement	Linda Williams
AC2025-02-01 Cruise Terminal New Gangway	James Bennett
ACON Construction Co., Inc.	
VI. CEO Update	Eric Green
VII. Reports	
R2025-02-01 Engineering and Construction Update	James Bennett
R2025-02-02 Financial Highlights & Monthly Financials/Vital Statistics	Joey Greive
R2025-02-03 Commercial Highlights	Robert Peek
R2025-02-04 Safety Update by Nick Primrose	Info Only

VIII. Other Business

Chair Wendy Hamilton

Approval of Travel - Chair Wendy Hamilton recommends approval of travel by one or more Board Members of the Authority for business solicitation purposes or to attend any necessary conferences during the month of April 2025.

IX. Miscellaneous

A. Awards Committee Meeting Minutes - February 19, 2025
B. Emergency Purchases - None
C. Unbudgeted Transactions - None

X. Adjourn

Chair Wendy Hamilton

BOARD OF DIRECTORS MEETING
Jacksonville Port Authority
2831 Talleyrand Avenue
January 27, 2025

A meeting of the Jacksonville Port Authority Board of Directors was held on Monday, January 27, 2025 at the Port Central Office Building, 2831 Talleyrand Avenue, Jacksonville, Florida. Chair Wendy Hamilton called the meeting to order at 9:00AM and welcomed all attendees. Board Member Daniel Bean led the audience in the Pledge of Allegiance and a moment of silence.

Board Members Attending:

Ms. Wendy Hamilton, Chair
Mr. Palmer Clarkson, Vice Chair
Ms. Soo Gilvarry, Treasurer
Mr. Tom Slater, Secretary
Mr. Daniel Bean, Member
Mr. Patrick Kilbane, Member – via Zoom

Other Attendees:

Mr. Eric Green, Chief Executive Officer
Ms. Beth McCague, Chief of Staff
Mr. Joey Greive, Chief Financial Officer
Mr. Robert Peek, Chief Commercial Officer
Mr. James Bennett, Chief Operating Officer
Ms. Linda Williams, Chief Administrative Officer
Ms. Chelsea Kavanagh, Chief Communications Officer
Mr. Nick Primrose, Chief, Regulatory Compliance
Mr. Reece Wilson, Office of General Counsel
Mr. Chris Miller, City Council Liaison
Ms. Rebecca Dicks, Board Liaison

Approval of Minutes

Chair Hamilton called for approval of the December 9, 2024 Board of Directors Meeting Minutes and the January 8, 2025 Board of Directors Workshop Minutes. After a motion by Mr. Clarkson and a second by Mr. Slater, the Board unanimously approved the minutes as submitted.

Public Comments

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

Presentations

Mr. Joey Greive recognized Retta Rogers, Director of Procurement, for reaching her 20-year milestone and thanked her for her service. Mr. Greive also recognized Carolus Daniel, Director of Financial Planning & Analysis/Controller, for reaching his 10-year milestone and thanked him for his service.

New Business

BD2025-01-01 Funding for Memorandum of Agreement Department of the Army – U.S. Army Corps of Engineers

Mr. James Bennett presented this submission for Board approval to submit $500,000 for estimated costs associated with maintenance activities on the DMMA to the Department of Army for the 2024/2025 year and further approve future annual payments as presented in JAXPORT's annual capital budget.

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

BD2025-01-02 Peoples Gas System, Inc. Utility Easement for Southeast Toyota Project at Blount Island Marine Terminal

Mr. James Bennett presented this submission for Board approval of a new easement at the SET Project at Blount Island Marine terminal to allow the installation of a gas line to serve the new processing facilities. Peoples Gas System, Inc. is the current provider for the area, however, in order to install the new gas lines, an easement is required for the installations of these new gas lines to serve SET.

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

AC2025-01-02 BIMT Equipment Wash Facility Combined Industries, LLC

Mr. James Bennett presented this submission for Board approval of a contract to Combined Industries, LLC for BIMT Equipment Wash Facility in the amount of $750,000.00.

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

AC2025-01-03 BIMT Hanjung Crane #8810 Refurbishment and IHI Crane #2253 Dismantle & Removal – Reading Crane & Engineering Co.

Mr. James Bennett presented this submission for Board approval of the issuance of a contract to Flatiron Crane Operating Company, LLC d/b/a Reading Crane and Engineering Co. for BIMT Hanjung Crane #8810 Refurbishment and IHI Crane #2253 Dismantle & Removal in the amount of $3,372,736.00 which includes $3,260,648.00 for the Base Bid, $49,350.00 (quantity 1) for Owner's Option No. 2 and $62,738.00 (quantity 1) for Owner's Option No. 3.

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

CEO UPDATE

Mr. Green stated that earlier this month, the ILA and USMX reached a tentative labor agreement, successfully averting another coastwide work stoppage. The next step is for the agreement to be fully voted on and approved by both parties. Prior to the strike threat, the East Coast had maintained a reputation for labor peace for many decades, and this agreement restores that stability for at least the next six years.

Mr. Green stated that the port continues to closely monitor developments in Washington regarding potential new tariffs. The situation is still evolving, as just last night, the administration announced plans to impose a 25% emergency tariff on imports from Colombia, which would be a 50% increase within a week. In response, Colombia's president threatened a 25% tariff increase on U.S. exports. However, both plans now appear to be on hold. While many details remain uncertain, JAXPORT is generally well-positioned due to its business diversification across trade lanes and cargo types. This diversification allows JAXPORT to navigate economic challenges like tariffs more effectively than ports reliant on a single trade lane or business sector.

Mr. Green stated that JAXPORT's ability to access the world's top trade lanes will expand significantly next month with the launch of a new direct container service to Cartagena, Colombia. This service enhances connections not only to South American markets but also to the global Gemini Network, which includes ports in Asia, Central America, the Caribbean, and Europe. In preparation for this new service, Mr. Green traveled to Cartagena earlier this month to meet with port leadership and discuss current and future growth opportunities.

Mr. Green stated that December provided a clear snapshot of the importance of JAXPORT's business diversification. It was a strong month, with multiple segments performing well, including containers, breakbulk, overall tonnage, and military cargo. During the month, JAXPORT facilitated the movement of approximately 3,000 pieces of military cargo, including tanks and helicopters. Notably, this was the first-time military cargo was moved simultaneously from both the Blount Island and Dames Point terminals.

Mr. Green informed the Board that JAXPORT continues to strengthen its relationships with federal partners. Last month, the port participated in an emergency preparedness exercise with the Coast Guard. The exercise was highly productive, providing leadership from both organizations the opportunity to refine response strategies and enhance collaboration in addressing potential threats.

Mr. Green concluded his report by announcing that the annual State of the Port event will take place on Thursday, February 6th, at the Regency Hyatt Hotel. This event provides hundreds of transportation and logistics professionals with an update on JAXPORT's growth and the supply chain trends impacting Jacksonville. During the event, First Coast News anchor Jeannie Blaylock will moderate a panel discussion on the key advantages driving growth across JAXPORT's trade lanes and cargo types.

Reports

R2025-01-01 Engineering and Construction Update

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

R2025-01-02 Financial Highlights & Monthly Financials/Vital Statistics

Mr. Joey Greive provided Financial Highlights for the month of December 2024 and provided an overview of the financials and vital statistics.

R2025-01-03 Commercial Highlights

Mr. Robert Peek provided updated commercial highlights to the Board in their books for the month of January 2025.

R2025-01-04 Safety Report

Mr. Nick Primrose provided a Safety Report for the month of January 2025 as info only.

Other Business

After a motion by Mr. Bean and a second by Mr. Clarkson, 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 month of March 2025.

There being no further business of the Board, the meeting adjourned at 9:53AM.

BD2025-02-01

SUBMISSION FOR BOARD APPROVAL

SUBJECT: **FY2024 Audited Financial Statements**

COST: $ NA **BUDGETED:** NA

SOURCE OF FUNDS: NA

BACKGROUND:

The audit of the Jacksonville Port Authority's financial statements for the year ending September 30, 2024, LLP has been completed by RSM US, LLP, Certified Public Accountants. RSM is required to conduct their audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. RSM's audit has found that the Authority's financial statements conformed with the accounting principles generally accepted by the United States of America.

RSM has presented its draft report to the Audit Committee. After review and discussion, the Committee accepted the draft report and forwarded it to the full Board.

RECOMMENDATION:

It is recommended that the Board accept the audited financials prepared by RSM US, LLP.

ATTACHMENT:

- Audited Financial Statements prepared by RSM US, LLP

BD2025-02-01

SUBMISSION FOR BOARD APPROVAL

.

RECOMMENDED FOR APPROVAL:

Patrick Greive
Chief Financial Officer

Patrick Greive
Patrick Greive (Feb 12, 2025 09:23 EST)

Signature and Date

SUBMITTED FOR APPROVAL:

Eric Green
Chief Executive Officer

Eric B. Green
Eric B. Green (Feb 12, 2025 09:36 EST)

Signature and Date

BOARD APPROVAL:

2/24/2025
Meeting Date

Rebecca Dicks/Recording Secretary

ATTEST:

Tom Slater, Secretary

Wendy O. Hamilton, Chair

Jacksonville Port Authority

Annual Financial Report
For the Year Ended September 30, 2024

Table of Contents

February XX, 2025

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, 2024. 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 operates across three distinct terminal locations in Jacksonville, handling various cargo types, including containers, automobiles, bulk commodities, military shipments, and cruise operations. Containers and automobiles account for approximately two-thirds of the port's total revenue.

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.

2024 Operating Revenue Highlights

Total operating revenues for fiscal year 2024 were $70 million, a 7% increase over prior year revenues of $65.7 million. Total container volumes in 2024 were 1,340,412 TEUs (twenty-foot equivalent units), a 2% increase over fiscal year 2023 TEUs of 1,313,487. Two major terminal construction projects continued into fiscal year 2024. The first is the ongoing expansion and modernization of a 93-acre container terminal, designed to handle increasing international cargo volumes at newly constructed deep-water berths, with completion anticipated in April 2025. The second project is the construction of a new 88-acre auto processing facility, which began construction in early 2023, scheduled for completion in late 2025.

Auto volumes totaled 509,061 in 2024 compared to 505,665 in 2023. Auto-related revenues for fiscal year 2024 were $15 million, up 3% over 2023 revenues of $14.6 million in 2023. The cruise business was a standout segment in 2024, with a record 206,720 passengers and revenues of $7.3 million, up from $6.5 million a year ago. Also noteworthy, was Military cargo and related revenues totaling $1.8 million in 2024, a 30% increase over 2023.

2024 In Review and Looking Ahead

JAXPORT continued to make significant progress on the aforementioned major construction projects which will pave the way for future growth and increased cargo volumes. In addition, other highlights in fiscal year 2024 include the following:

- Execution of a long-term 30-year Facilities Lease Agreement with Infrastructure for the lease and development of 79-acres of waterfront property at the current Southeast Toyota Distributors (SET) property, upon SET relocation to the Blount Island Marine Terminal.

- Execution of a contract with Norwegian Cruise Lines (NCL). A 3-year contract with three 2-year renewal options, with sailings on NCL's passenger ship commencing in Fall 2025. The agreement calls for 26 annual sailings on a 5-4-4 rotation, sailing to the Bahamas during the period November through April.

- The purchase of three predominately state-funded 50-gauge gantry cranes, designated for Blount Island (2) and the Talleyrand Marine Terminal (1). All three cranes are under construction at year end 2024, with delivery dates expected in late calendar year 2025 and mid-2026.

- Purchase of the Dames Point Terminal assets in November 2023, at a nominal net price of approximately $5 million. This purchase allows JAXPORT's outright management of the 158-acre terminal, previously under contract through 2042. A partial allocation of the terminal continues under contract as a container terminal, with JAXPORT now able to parcel out approximately 100 acres of developed waterfront space for diverse uses.

- Partnering with sister agency, Jacksonville Electric Authority (JEA), to design and facilitate construction of the raising of the power lines spanning the Jacksonville Harbor from an operational clearance of 175ft to 205ft.

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, controlling expenses and 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, 2024 and 2023, 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, 2024 and 2023, 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 [DATE], 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.

Jacksonville, Florida
[DATE]

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, 2024 and 2023. The discussion is intended to assist and help readers focus 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, state and federal grants and tenant contributions. 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)

Revenue, Expenses and Changes in Net Position

2024 vs 2023

Total operating revenues for fiscal year 2024 were $70,024, an increase of 7%, compared to revenues of $65,747 in fiscal year 2023. Total container volumes in 2024 were 1,340,412 TEUs (twenty-foot equivalent units), a 2% increase over fiscal year 2023 TEUs of 1,313,487. Total container revenues in fiscal year 2024 were $31,471, an increase of 5% over prior year revenues of $29,910. Fiscal year 2024 included the continued phased construction of a 93-acre container terminal, aligned with recently constructed deep-water berths, and six 100-gauge electric cranes. The project which is almost exclusively tenant and grant-funded, has a projected completion date of April 2025.

Auto revenues for fiscal year 2024 were $15,014, an increase of 3% over prior year revenues of $14,555. Auto revenues were impacted in both fiscal years 2024 and 2023 by continued construction activity, as a new 88-acre auto processing facility is in progress, scheduled for completion in late 2025. Auto units totaled 509,091 in 2024 compared to 505,665 units in 2023.

Cruise revenues totaled $7,258 in 2024, up 12%, reflecting an all-time record number of cruise passengers at 206,720, compared to 190,872 passengers in 2023, with revenues totaling $6,501. Breakbulk revenue decreased by 5% to $4,770 in 2024, compared to $5,002 in 2023, with tonnage down 9% from the prior year. Dry bulk revenues (from aggregate materials) were $2,895 in 2024, an 11% increase over the prior year. Military-related revenue rose to $[illegible]16 in 2024, compared to $1,399 in 2023. All other operating revenues increased year over year, primarily driven by non-cargo-related dockage activities.

Total operating expenses before depreciation for 2024 were $47,[illegible], an increase of $3,575 over fiscal year 2023. Salaries and benefits were up $1,281, or 9%, and include contract and merit-related increases, and modest increases in security and operational staff personnel and hours. Benefits were up $844, or 13% and includes associated payroll taxes, increased pension contributions, and higher health insurance expenses. Fiscal year-end pension accounting valuation adjustments are also recorded within Salaries and Benefits expense, and include actuarial valuation adjustments as provided annually by the Florida Retirement System (FRS). Expense impacts of pension valuation accounting in 2024 was a $(288) credit, compared to $2,753 expense impact in 2023. See note G for further reference. Berth Maintenance Dredging totaled $9,514 in 2024, an increase of $3,784 over 2023. This increase was primarily attributable to the acquiring of contractual rights to the Dames Point Terminal in early fiscal year 2024, and the associated berth maintenance dredging activity. Security services were $5,855 in 2024, an increase of $835 compared to 2023, as impacted by the additional coverage for the Dames Point Terminal operation. Service and supplies expense were $5,474 in 2024, down 6% from $5,799 in 2023. Repair and maintenance expense totaled $2,366 in 2024, relatively flat with $2,423 in 2023.

Net non-operating revenues (expenses) for 2024 totaled $45,011. Ongoing contributions from tenants for construction in progress totaled $36,949 in 2024, compared to $22,441 in 2023. Shared revenue from the primary government was $10,044, remaining relatively flat compared to the prior year. Interest income for fiscal year 2024 was $4,751, compared to $3,469 in fiscal year 2023. Fiscal year 2023 included a favorable $35 million refund from the USACE related to the 47-foot harbor deepening project closeout. Related reimbursements of state and local grants allocated to the harbor deepening refund totaled $16,992.

Capital contributions in 2024, which include state, local and federal grant contributions totaled $48,531, compared to $16,759 in prior year. The increase was attributable to grants for construction and new cranes.

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

Management's Discussion and Analysis (Unaudited)

At the close of fiscal year 2024, the Authority had a net position of $778,252, an increase of $82,300 from $695,952 at fiscal year-end 2023.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in thousands of dollars)	2024	2023	2022
Operating revenue			
Cargo	$ 55,520	$ 53,500	$ 54,185
Cruise	7,258	6,501	2,562
Military	1,816	1,399	578
Other operating revenue	5,430	4,347	3,908
Total operating revenue	70,024	65,747	61,233
Operating expenses			
Salaries and benefits	22,061	22,977	18,913
Services and supplies	5,474	5,799	5,559
Security services	5,855	5,020	4,405
Business travel and training	557	416	322
Promotion, advertising, dues and memberships	590	550	647
Utility services	831	787	743
Repairs and maintenance	2,366	2,423	2,138
Berth maintenance dredging	9,514	5,730	4,920
Miscellaneous	197	168	155
Total operating expenses	47,445	43,870	37,802
Operating income before depreciation	22,579	21,877	23,431
Depreciation	33,821	32,802	30,989
Operating loss	(11,242)	(10,925)	(7,558)
Non-operating revenue (expense)			
Interest expense	(6,808)	(6,539)	(7,028)
Interest income	4,751	3,469	184
Shared revenue from primary government	10,044	10,108	9,769
Intergovernmental grant revenue	218	307	18,758
Grant revenues provided to subrecipient	1,732	-	-
Grant expenses of subrecipients	(1,732)	-	-
Reimbursement to grantor	-	(16,992)	-
Gain on contract termination	-	-	109,114
Contributions from tenants	36,949	22,441	22,093
Gain (loss) on sale/disposition of assets	33	(1,075)	(317)
Other non-operating expenses	(176)	(420)	(94)
Total non-operating revenue (expense)	45,011	11,299	152,479
Income before capital contributions	33,769	374	144,921
Capital contributions	48,531	16,759	25,996
Changes in net position	82,300	17,133	170,917
NET POSITION			
Beginning of year	695,952	678,819	507,902
End of year	$ 778,252	$ 695,952	$ 678,819

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

2023 vs 2022

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 $2,502 in 2022. Breakbulk revenues 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.

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.

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

Net Position

2024 vs. 2023

At September 30, 2024, the Authority's net position was $778,252 compared to $695,952 at year-end 2023, an increase of $82,300. This increase was primarily driven by capital contributions, in the form of grants, totaling $48,531, and contributions from tenants for construction of $36,949. The remainder of the impacts were all normal operating and non-operating activities.

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

Management's Discussion and Analysis (Unaudited)

(In thousands of dollars)	2024	2023	2022
NET POSITION			
Current assets	$ 67,573	$ 49,598	$ 48,574
Noncurrent assets (excluding capital assets)	70,590	76,895	44,591
Capital assets	923,666	830,649	856,329
Deferred outflows of resources	8,879	9,064	10,077
Total assets and deferred outflows	1,070,708	966,206	959,571
Current liabilities	33,007	27,716	20,615
Bonds and notes outstanding (net of current portion)	188,102	197,210	206,067
Other noncurrent liabilities	68,970	43,872	52,713
Deferred inflows of resources	2,377	1,456	1,357
Total liabilities and deferred inflows	292,456	270,254	280,752
Net position			
Net investment in capital assets	725,782	640,705	621,944
Restricted for debt service	19,955	19,396	18,391
Restricted – other	3,406	3,252	3,071
Unrestricted	29,109	32,599	35,413
Total net position	$ 778,252	$ 695,952	$ 678,819

Total assets and deferred outflows increased by $104,502, reaching $1,070,708 in 2024 compared to $966,206 in 2023. Current assets grew by $17,975 reflecting an increase in grants receivable of $16,962 for three state-funded gantry cranes currently in production. Noncurrent assets, excluding capital assets, decreased by $6,305, primarily due to an outlay of restricted cash for capital projects. Capital assets saw a notable increase of $93,017, driven by substantial tenant-funded construction and grant-supported infrastructure improvements, emphasizing the Authority's focus on developing, renewing and expanding its capital improvement program.

Total liabilities and deferred inflows experienced a modest increase, rising to $292,456 from $270,254 in 2023. Current liabilities grew by $5,293, mainly due to construction-related accounts payable. Bonds and notes outstanding decreased by $9,108 reflecting scheduled principal payments, while other noncurrent liabilities increased by $26,126, due to a higher balance on the line of credit of $23,912 which was utilized for the funding of the three new gantry cranes pending reimbursement from the State. The increase also includes unearned grant revenue of $5,821 associated with the planned construction of a new fire station on Blount Island.

Total net position at year-end 2024 was $778,252, compared to $695,952 in 2023, an increase of $82,300. The 2024 balance reflects a net investment in capital assets of $725,782, up from $640,705 in 2023, driven by continued infrastructure development and investments in tenant-funded and grant-supported projects. Restricted funds for debt service rose slightly to $19,955 from $19,396, while renewal and replacement funds totaled $3,406, and the unrestricted net position was $29,109.

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.

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 advances 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.

Cash Flows

2024 vs 2023

Cash flows from operating activities in 2024 totaled $21,333, compared to $24,389 in the prior year. The decrease reflects higher payments for services and supplies, which increased by $6,692, and employee-related costs, which grew by $1,800. Receipts from customers increased by $5,436, or 8% consistent with 7% year over year revenue growth recorded on accrual basis.

Cash flows from noncapital financing activities in 2024 amounted to $10,093, a slight decrease from $10,462 in 2023.

Net cash used in capital and related financing activities was $40,882 in 2024, compared to $834 in 2023. The increase in outflows was mainly due to higher spending on capital assets, which totaled $122,758 in 2024 compared to $46,319 in 2023. Significant projects include the continued build-out of the container terminal and auto-processing facilities on Blount Island, three state funded gantry cranes and other infrastructure improvements. Inflows from capital contributions, including capital grants of $33,309 and tenant funding of $36,949. Net line of credit activity in 2024 totaled $20,992 comprised of short-term bridge advances awaiting state grant reimbursement and $5,155 allocated for the acquisition of specific terminal assets acquired in 2024.

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

Management's Discussion and Analysis (Unaudited)

At the end of 2024, cash and cash equivalents totaled $102,533, reflecting a net decrease of $4,705 from the 2023 year-end balance of $107,238. This compares to a net increase of $37,486 in 2023. The year-end balance of $102,533 consists of $23,210 in current unrestricted cash, $8,737 restricted for debt service, $11,620 in non-current unrestricted cash, $17,298 designated for bond reserves and renewal and replacement funds, and $41,668 in restricted cash for capital projects.

<u>Cash Flows</u>

<u>2023 vs 2022</u>

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 $8[illegible]4 in 2023. Large outflows include funding for acquisition and construction of capital assets of $46,31[illegible], principal and interest debt service payments of $13,963, and paydown on the line of credit of $7,8[illegible]. 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 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 $[illegible],100 in 2023.

As of September 30, 2023, total cash and cash equivalents amounted to $107,238. This balance includes $21,608 in unrestricted cash, $8,763 restricted for debt service, $13,620 in non-current unrestricted cash, $13,195 in bond reserve funds, $3,391 designated for renewal and replacement funds and other purposes, and $46,661 in construction 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, 2024, the Authority had commitments for future construction work of $170,313. Additional information regarding capital assets can be found in the accompanying notes to the financial statements (see Note C).

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

Management's Discussion and Analysis (Unaudited)

2024 vs. 2023

At September 30, 2024, the Authority's capital assets, net of depreciation, totaled $923,666, an increase of $93,017 compared to $830,649 at the end of 2023. This increase reflects continued progress on two major terminal expansion projects of $75,575 and the phased construction of three 50-gauge cranes totaling $18,949, contributing to total capital additions of $126,838 for the year. These critical infrastructure projects, aimed at enhancing the Authority's operational capacity, remain on schedule for completion in 2025.

Accumulated depreciation rose to $555,179 in 2024, up from $521,928 in 2023, reflecting an annual depreciation expense of $33,821, slightly higher than the $32,802 recorded in 2023. Funding for these capital investments was supported by state and federal grants totaling $48,531 and tenant contributions amounting to $36,949.

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 to 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,[illegible]9 in 2022. Capital spending in 2023 was funded largely by federal and state grants totaling $16,759 and tenant contributions for construction of $22,441, compared to 2022 federal and state grants of $[illegible],996 and tenant contributions of $22,092.

Long-Term Debt

2024 vs. 2023

At September 30, 2024, the Authority had outstanding bonds and notes payable of $197,022, a decrease of $8,856 from fiscal year-end 2023 balances of $205,878 (both net of unamortized bond premiums). Line of credit balances outstanding at September 30, 2024, were $23,912, compared to $2,920 at prior year-end. In 2024, most of the Authority's line of credit usage consisted of short-term bridge advances awaiting state reimbursement, except for $5,155 allocated to the purchase of specific terminal assets. The Authority exceeded its required minimum debt service coverage ratio for the 2024 fiscal year.

2023 vs. 2022

At September 30, 2023, the Authority had outstanding bonds and notes payable of $205,878, a decrease of $8,225 from the 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 the prior year-end. 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
A Component Unit of the City of Jacksonville, Florida

Statements of Net Position
September 30, 2024 and 2023
(In thousands of dollars)

	2024	2023
Assets and Deferred Outflows of Resources		
Current assets		
Cash and cash equivalents	$ 23,210	$ 21,608
Restricted cash and cash equivalents	8,737	8,763
Accounts receivable, net	6,815	7,694
Notes and other receivables	187	151
Grants receivable	26,066	9,104
Inventories and prepaid items	2,558	2,278
Total current assets	67,573	49,598
Noncurrent assets		
Cash and cash equivalents	11,620	13,620
Restricted cash and cash equivalents	17,298	16,586
Restricted cash and cash equivalents for capital projects	41,668	46,661
Notes receivable	4	28
Capital assets, net	923,666	830,649
Total noncurrent assets	994,256	907,544
Total assets	1,061,829	957,142
Deferred outflow of resources (Note [illegible])	8,879	9,064
Total assets and deferred outflow of resources	1,070,708	966,206

(continued)

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

Statements of Net Position
September 30, 2024 and 2023
(In thousands of dollars)

	2024	2023
Liabilities and Deferred Inflows of Resources		
Current liabilities		
Accounts payable	$ 3,876	$ 2,729
Accrued expenses	645	808
Accrued interest payable	2,538	2,563
Construction contracts payable	10,847	10,030
Retainage payable	5,481	2,218
Unearned revenue	700	700
Bonds and notes payable	8,920	8,668
Total current liabilities	33,007	27,716
Noncurrent liabilities		
Unearned revenue	19,013	13,892
Accrued expenses	2,399	2,387
Payable to primary government	6,122	6,122
Net pension liability	17,524	18,551
Line of credit	23,912	2,920
Bonds and notes payable, net	188,102	197,210
Total noncurrent liabilities	257,072	241,082
Total liabilities	290,079	268,798
Deferred inflow of resources (Note J)	2,377	1,456
Total liabilities and deferred inflow of resources	292,456	270,254
Net Position		
Net investment in capital assets	725,782	640,705
Restricted for		
Debt service	19,955	19,396
Repair and replacement	3,406	3,252
Unrestricted	29,109	32,599
Total net position	$ 778,252	$ 695,952

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, 2024 and 2023
(In thousands of dollars)

	2024	2023
Operating revenue		
Cargo	$ 55,520	$ 53,500
Cruise	7,258	6,501
Military	1,816	1,399
Other operating revenue	5,430	4,347
Total operating revenue	70,024	65,747
Operating expenses		
Salaries and benefits	22,061	22,977
Services and supplies	5,474	5,799
Security services	5,855	5,020
Business travel and training	557	416
Promotions, advertising, dues and memberships	590	550
Utility services	831	787
Repairs and maintenance	2,366	2,423
Berth maintenance dredging	9,514	5,730
Miscellaneous	197	168
Total operating expenses	47,445	43,870
Operating income before depreciation	22,579	21,877
Depreciation expense	33,821	32,802
Operating loss	(11,242)	(10,925)
Non-operating revenues (expenses)		
Interest expense	(6,808)	(6,539)
Investment income	4,751	3,469
Shared revenue from primary government	10,044	10,108
Intergovernmental grant revenue	218	307
Grant revenues provided to subrecipient	1,732	
Grant expenses of subrecipients	(1,732)	
Reimbursement to grantor	-	(16,992)
Contributions from tenants	36,949	22,441
Gain (loss) on sale/disposition of assets	33	(1,075)
Other non-operating expenses	(176)	(420)
Total non-operating revenues (expenses)	45,011	11,299
Income before capital contributions	33,769	374
Capital contributions	48,531	16,759
Change in net position	82,300	17,133
Net position		
Beginning of year	695,952	678,819
End of year	$ 778,252	$ 695,952

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, 2024 and 2023
(In thousands of dollars)

	2024	2023
Cash flows from operating activities		
Receipts from customers	$ 70,009	$ 64,573
Payments for services and supplies	(26,881)	(20,189)
Payments to employees	(21,795)	(19,995)
Net cash provided by operating activities	21,333	24,389
Cash flows from noncapital financing activities		
Receipts from primary government	10,044	10,108
Intragovernmental grant revenue	49	354
Net cash provided by noncapital financing activities	10,093	10,462
Cash flows from capital and related financing activities		
Line of credit advances	27,257	-
Line of credit payments	(6,265)	(7,829)
Contributions from tenants for construction	36,949	22,441
Contributions-in-aid of construction (grants)	33,309	21,523
Contribution from primary government for construction	5,979	-
Acquisition and construction of capital assets	(122,758)	(46,319)
Harbor deepening refund (USACE)	-	35,000
Reimbursement to grantor	-	(10,870)
Principal paid on capital debt	(8,668)	(8,036)
Interest paid on capital debt	(6,656)	(5,927)
Proceeds from sale of assets	57	98
Crane demolition	-	(801)
Other	(86)	(114)
Net cash used in capital and related financing activities	(40,882)	(834)
Cash flows from investing activities		
Interest on investments	4,751	3,469
Net cash provided by investing activities	4,751	3,469
Net increase (decrease) in cash and cash equivalents	(4,705)	37,486
Cash and cash equivalents		
Beginning of year	107,238	69,752
End of year	$ 102,533	$ 107,238

(continued)

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

Statements of Cash Flows
For the Years Ended September 30, 2024 and 2023
(In thousands of dollars)

	2024	2023
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	$ (11,242)	$ (10,925)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	33,821	32,802
(Increase) decrease in accounts receivable and other current assets	563	(674)
(Increase) decrease in deferred outflow of resources	(185)	648
(Increase) decrease in liabilities:		
Accounts payable and accrued expenses	(659)	1,133
Unearned revenue	(859)	(700)
Pension	(1,027)	2,006
Increase (decrease) in deferred inflows of resources	921	99
Total adjustments	32,575	35,314
Net cash provided by operating activities	$ 21,333	$ 24,389
Noncash investing, capital and financing activities		
Grants receivable	$ 26,066	$ 9,104
Construction costs paid on account	16,329	12,248
Payable to primary government	6,122	6,122
Unearned intergovernmental grant revenue	5,821	-

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 are 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 funded 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 customer service charges. 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 issued accounting pronouncements

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 has reviewed the provisions of this statement and determined that its adoption is not expected to have a material impact on the financial position of the Authority.

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 has reviewed the provisions of this statement and determined that its adoption is not expected to have a material impact on the financial position of the Authority.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is permitted. The Authority is currently evaluating the impacts of this statement of its financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to provide the users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital asset note disclosures required by Statement No. 34, Basic Financial Statements and Management Discussions and Analysis for State and Local Governments. This statement also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for the fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is permitted. The Authority is currently evaluating the impacts of this statement of 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
A Component Unit of the City of Jacksonville, Florida

Notes to Financial Statements

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, 2024 and 2023 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 certain regulated leases under GASB Statement No. 87, Leases (GASB 87). The Authority has no material ancillary operational activities outside the scope of those defined as a “terminal facility” by FMC regulations.

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 subscription-based information technology arrangements (SBITAs) to support various operational functions. GASB 96, issued by the Governmental Accounting Standards Board, establishes the accounting and financial reporting requirements for SBITAs. Under GASB 96, entities must recognize a right-to-use subscription asset and a corresponding liability at the commencement of the subscription term. This guidance aligns the accounting treatment of SBITAs with that of lease arrangements under GASB 87, providing a consistent framework for recognizing these commitments in financial statements.

The Authority initially measures the right-to-use subscription assets at an amount equal to the related subscription liability. Any payments made at or before the commencement of the services, along with certain direct costs, are included in the asset's initial measurement. SBITA assets are subsequently 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 using 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.

Exemptions are provided for short-term subscriptions with terms of less than 12 months. Additionally, the Authority has established a $30,000 minimum annual expense threshold for recognition under GASB 96. As all of the Authority's current SBITAs are either short-term in nature or below the $30,000 threshold, the Authority has reported no subscription obligations right-to-use assets at September 30, 2024 and 2023, respectively.

13. Inventories and prepaid items

Inventories are stated at cost 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.

Grants received, for which JAXPORT acts as a pass-through entity, are recognized as both grants receivable and grants payable at year-end to reflect amounts in process under subrecipient agreements. These amounts are accrued when eligibility and performance requirements are substantially met.

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)

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:

Asset Class	Estimated Service Life (Years)
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.

Costs incurred for harbor deepening are accounted for as nondepreciable 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. 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. 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 and unearned advanced contributions from the primary government for construction (see Note E).

18. Compensated absences

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.

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)

19. 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.

20. 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.

21. 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.*

22. 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.

23. 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 are pledged to pay debt service and the Authority's capital improvement program. Shared revenue from primary government was $10,044,000 and $10,108,000 in 2024 and 2023, respectively.

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)

24. 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.

25. 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 typically when federal or state grants are involved.

26. 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.

27. Subsequent event policy

The Authority evaluates events occurring after the date of the financial statements but before the date the financial statements are issued. Events that provide additional evidence about conditions that existed at the date of the financial statements are recognized in the financial statements, while events that are indicative of conditions that arose after the financial statement date are disclosed if material.

28. Reclassifications

Certain reclassifications were made to the 2023 financial statements in order to conform to the 2024 financial statement presentation.

Note B – Deposits and Cash Equivalents

Cash and Deposits

At September 30, 2024 and 2023, the carrying amount of the Authority's cash deposit accounts were $76,124,000 and $81,049,000, 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 $26,380,000 at September 30, 2024 and $26,160,000 at September 30, 2023.

Other cash balances maintained totaled $29,000 and $28,000 at September 30, 2024 and 2023 respectively, and include Florida Prime balances and petty cash.

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

Notes to Financial Statements

Note B – Deposits and Cash Equivalents (Continued)

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.

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:

2024		Maturities (in Years)	
(in thousands of dollars)	Fair	Less	
Cash Equivalents Type	Value	Than 1	1-5
Cash Equivalents Subject to Interest Rate Risk			
Money Market Funds	$ 19,445	$ 19,445	$ -
U.S Treasury Securities	6,935	-	-
Total Cash Equivalents	$ 26,380	$ 19,445	$ -

2023		Maturities (in Years)	
(in thousands of dollars)	Fair	Less	
Cash Equivalents Type	Value	Than 1	1-5
Cash Equivalents Subject to Interest Rate Risk			
Money Market Funds	$ 26,160	$ 26,160	$ -
Total Cash Equivalents	$ 26,160	$ 26,160	$ -

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.

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

Notes to Financial Statements

Note B – Deposits and Cash Equivalents (Continued)

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:

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:

2024

Security type:	Credit Rating	% of Portfolio	Fair Value
Money Market Funds	AAAm	74%	$ 19,445
U.S Treasury Securities	No Rating	26%	6,935
Total		100%	$ 26,380

2023

Security type:	Credit Rating	% of Portfolio	Fair Value
Money Market Funds	AAAm	100%	$ 26,160
Total		100%	$ 26,160

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

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

Notes to Financial Statements

Note B – Deposits and Cash Equivalents (Continued)

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.

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:

2024

(in thousands of dollars)	September 30, 2024			
Cash and cash equivalents	Fair Value	Level 1	Level 2	Level 3
Money Market Funds	$ 19,445	$ 19,445	$ -	$ -
Measured at Amortized Cost:				
U.S Treasury Securities	6,935			
Total cash and cash equivalents	$ 26,380			

2023

(in thousands of dollars)	September 30, 2023			
Cash and cash equivalents	Fair Value	Level 1	Level 2	Level 3
Money Market Funds	$ 26,160	$ 26,160	$ -	$ -
Total cash and cash equivalents	$ 26,160	$ 26,160	$ -	$ -

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

Notes to Financial Statements

Note C – Capital Assets

Capital asset activity for the fiscal year ended September 30, 2024, was as follows:

2024 *(in thousands of dollars)*	Beginning Balance	Increases and Transfers	Decreases and Transfers	Ending Balance
Capital assets not being depreciated				
Land and improvements	$ 145,447	$ -	$ -	$ 145,447
Harbor deepening and related costs	236,460	2,320	-	238,780
Construction in progress	65,932	116,590	(25,439)	157,083
Total capital assets not being depreciated	447,839	118,910	(25,439)	541,310
Depreciable capital assets				
Buildings	85,675	-	-	85,675
Improvements	677,534	23,178	-	700,712
Equipment	141,529	10,189	(570)	151,148
Total depreciable capital assets at historical cost	904,738	33,367	(570)	937,535
Less accumulated depreciation for				
Buildings	61,925	2,350	-	64,275
Improvements	375,363	25,101	-	400,464
Equipment	84,640	6,370	(570)	90,440
Total accumulated depreciation	521,928	33,821	(570)	555,179
Depreciable capital assets, net	382,810	(454)	-	382,356
Capital assets, net	$ 830,649	$ 118,456	$ (25,439)	$ 923,666

<u>Land Improvements – Harbor Deepening and Dredge Spoil Sites</u>

The Authority has entered into cooperative agreements with the USACE to share costs for deepening the channel of open access waterways to agreed-upon depths. As of fiscal year-end 2024, the Authority's share (as Non-Federal Sponsor) of these costs amounts to approximately $239 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. Dredge spoil sites are also jointly managed with the USACE, with costs for improvement and expansion classified as land improvements and amortized over 20 years. To date, the Authority's share of these costs total, net of depreciation is approximately $36 million. Costs incurred and paid by the USACE (Federal Sponsor/Government) for harbor deepening and dredge spoil sites are not capitalized or recorded in the Authority's financial statements.

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 2025. Of the amounts refunded to the Authority, Florida Department of Transportation (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 and 2024). In the fiscal year 2023, the Authority also recorded a reduction of $8.5 million within harbor deepening and related costs with the close out of the 40 ft. harbor deepening project accounting.

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

Notes to Financial Statements

Note C – Capital Assets (Continued)

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

2023 *(in thousands of dollars)*	Beginning Balance	Increases and Transfers	Decreases and Transfers	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

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 GASB 87 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.

As of September 30, 2024, capital assets held for lease have a historical cost of approximately $940,763,000 and had accumulated depreciation of $465,424,000, compared to $907,583,000 and $428,381,000 as of September 30, 2023.

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

Notes to Financial Statements

Note D – Leasing Operations (Continued)

Inflows of resources received from leases were $54,106,000 and $51,046,000 for the years ended September 30, 2024 and 2023, respectively. Revenues of $36,340,000 in 2024 and $33,748,000 in 2023 were related to contractual annual guarantees and required rents. Inflows of resources from variable payments not included in expected future minimum payments were $17,766,000 and $17,298,000 for the fiscal years ended 2024 and 2023, respectively.

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 at September 30, 2024, are as follows:

Year (in thousands of dollars)		
2025	$	39,3[illegible]
2026		39,930
2027		35,738
2028		33,127
2029		31,672
2030-2034		154,548
2035-2039		144,748
2040-2044		143,800
2045-2049		135,942
2050-2054		113,619
2055-2059		19,670
	$	892,595

Note E – Unearned Revenue

In fiscal year 2019, the Authority entered into a 25-year lease agreement with SSA Atlantic, LLC (SSA). The lease initially covered 77 acres, with plans for future expansion to over 93 acres. As part of the agreement, SSA advanced $18 million in rent payments, which are recognized as lease revenue on a straight-line basis over the lease term, in accordance with applicable lease accounting standards. Unearned revenue related to this agreement was $13,892,000 at September 30, 2024, and $14,592,000 at September 30, 2023.

In fiscal year 2024, the Authority entered into a funding agreement with the City, to construct a new Fire Station #48 at Blount Island. Under the agreement, the City contributed $5,979,000 toward project costs, complemented by a matching federal grant from the Department of Defense (DoD). These funds will be used for planning, design and construction of the fire station.

The City's contribution is recognized as unearned revenue until eligible project expenses are incurred, as specified in the agreement. Any unspent funds, along with any interest earned, must be returned to the City upon project completion. Unearned revenue related to this agreement totaled $5,821,000 at September 30, 2024.

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

Notes to Financial Statements

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 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 $2,334,317 and $5,004,372 for the fiscal years ended September 30, 2024 and 2023, 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.

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

Notes to Financial Statements

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.

FRS Pension Plan members in a regularly established position can elect to participate in DROP for a period not to exceed a maximum of 96 calendar months. The election to participate in the DROP can be made at any time after the member first reaches their normal retirement date by age or service. This provision replaces the previous individual eligibility windows. The DROP allows a member to retire while continuing employment. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment (COLA) each July, if eligible, and earn monthly interest equivalent to an annual rate of 4.00 percent on the preceding month's DROP accumulation until DROP participation ends. Upon employment termination, the DROP account is paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover. Monthly benefits are paid to the member in the amount calculated upon entry into the DROP, including any applicable COLA for intervening years.

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:

	% Value
Regular Class members initially enrolled before July 1, 2011	
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
Regular Class members initially enrolled on or after July 1, 2011	
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
Senior Management Service Class	2.00

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

Notes to Financial Statements

Note F – Pension Plan (Continued)

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 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 2024 and 2023, were as follows:

Notes: 2024 Employer rates include 2.06% for the post-employment health insurance subsidy program, and the assessment of 0.06% for administration of the FRS Investment Plan and retirement and financial planning for members of both plans

	Percent of Gross Salary		
		2024	2023
Class	Employee	Employer	Employer
FRS, Regular	3.00	13.63	13.57
FRS, Senior Management Service	3.00	34.52	34.52
DROP – Applicable to members from all above classes	0.00	21.13	21.13

The Authority's contributions, for FRS and HIS totaled $2,658,420 and employee contributions totaled $431,078 for the fiscal year ended September 30, 2024. 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2024, the Authority reported a liability of $11,981,074 for its proportionate share of the FRS Plan's net pension liability, compared to $12,848,797 at September 30, 2023. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The Authority's proportionate share of the net pension liability was based on the Authority's 2023-24 fiscal year contributions relative to the 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the Authority's proportionate share was 0.0309%, which was a decrease of 0.001% from its proportionate share measured as of June 30, 2023, of 0.0322%.

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

Notes to Financial Statements

Note F – Pension Plan (Continued)

For the fiscal year ended September 30, 2024, the Authority recognized the Plan pension expense of $2,170,035. Fiscal year 2023 showed pension expense of $2,892,610 which, in addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources, for 2024 and 2023, as shown:

2024 Description	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 1,210,410	$ -
Change of assumptions	1,642,116	-
Net difference between projected and actual earnings on FRS pension plan investments	-	796,325
Changes in proportion and differences between Authority FRS contributions and proportional share of contributions	285,594	807,033
Authority FRS contributions subsequent to the measurement date	469,164	-
Total	$ 3,607,284	$ 1,603,358

2023 Description	Deferred Outflow of Resources	Deferred Inflow of Resources
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	$ 3,461,135	$ 762,770

The deferred outflows of resources related to pensions, totaling $469,164, 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 2025. 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):

Year	Amount
2025	$ (349)
2026	1,907
2027	(6)
2028	(103)
2029	86
	$ 1,535

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

Notes to Financial Statements

Note F – Pension Plan (Continued)

Actuarial Assumptions: The total pension liabilities in the July 1, 2024 and 2023, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2024	2023
Inflation	2.40%	2.40%
Salary Increase	3.50%	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, 2024 actuarial assumptions:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed Income	29.0%	5.7%	5.6%	3.9%
Global Equity	45.0%	8.6%	7.0%	18.2%
Real Estate	12.0%	8.1%	6.8%	16.6%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.6%	6.2%	8.7%
Total	100.0%			
Assumed inflation – Mean			2.4%	1.5%

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

Notes to Financial Statements

Note F – Pension Plan (Continued)

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	100.0%			
Assumed inflation – Mean			2.4%	1.4%

<u>*Discount Rate*</u>: The discount rate used to measure the total pension liability was 6.7% for 2024 and 2023, 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.

<u>*Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate*</u>: 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, 2024	$ 21,074,290	$ 11,981,074	$ 4,363,546
As of July 1, 2023	$ 21,948,361	$ 12,848,797	$ 5,235,922

<u>*Pension Plan Fiduciary Net Position*</u>: 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.

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

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, 2024, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $45 and a maximum HIS payment of $225 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, 2024, the contribution rate was 2.0% 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 $27[illegible] for the fiscal year ended June 30, 2024, and $256,123 for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2024, the Authority reported a net pension liability of $5,542,569 for its proportionate share of the HIS Plan's net pension liability, compared to $5,702,456 at September 30, 2023. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The Authority's proportionate share of the net pension liability was based on the Authority's 2024-23 fiscal year contributions relative to the total 2024-23 fiscal year contributions of all participating members. At June 30, 2024, the Authority's proportionate share was 0.0369%, a 0.0001% increase in its proportionate share measured as of June 30, 2023, of 0.0359%.

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

Notes to Financial Statements

Note F – Pension Plan (Continued)

For the fiscal year ended June 30, 2024, the Authority recognized the HIS Plan pension expense of $164,282 and $2,111,762 for fiscal year 2023. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2024 Description	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 53,517	$ 10,643
Change of assumptions	98,090	656,169
Net difference between projected and actual earnings on HIS pension plan investments	-	2,005
Changes in proportion and differences between Authority HIS contributions and proportional share of contributions	245,673	104,555
Authority HIS contributions subsequent to the measurement date	85,911	-
Total	$ 483,191	$ 773,372

2023 Description	Deferred Outflow of Resources	Deferred Inflow of Resources
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	$ 448,391	$ 693,261

The deferred outflows of resources related to pensions, totaling $85,911 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 2025. 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):

Year	Amount
2025	$ 43
2026	(558)
2027	(2)
2028	141
	$ (376)

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

Notes to Financial Statements

Note F – Pension Plan (Continued)

Actuarial Assumptions: The total pension liabilities in the July 1, 2024 and 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2024	2023
Inflation	2.40%	2.40%
Salary Increase	3.50%	3.25%
Investment Rate of Return	3.93%	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 3.93% and 3.65% for 2024 and 2023, 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, 2024	$ 6,589,116	$ 5,542,569	$ 5,185,504
As of July 1, 2023	$ 6,505,612	$ 5,702,456	$ 3,349,665

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

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, 2024 and 2023, 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 $1,284,260 for the fiscal year ended September 30, 2024, and $968,276 for the fiscal year ended September 30, 2023.

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

Notes to Financial Statements

Note G – Deferred Compensation Plan

The Authority provides a deferred compensation plan (the 457 Plan) for its employees, established under Internal Revenue Code (IRC) Section 457. This plan, available to all full-time employees, allows participants to defer a portion of their salary to future years. Deferred compensation is accessible only upon termination, retirement, death, or in cases of unforeseeable emergency. All plan assets are held in trust for the exclusive benefit of participants and beneficiaries and therefore are not reported on the Authority's statements of net position.

The Authority also sponsors a separate retirement plan under IRC Section 401(a), which includes matching contributions. The Authority matches a specified amount for each dollar deferred by employees into the 457 Plan. Similar to the 457 Plan, all 401(a) assets are held in trust for the sole benefit of participants and beneficiaries, and are not reflected on the Authority's statements of net position.

The Authority's 401(a) matching contributions were $214,000 for the fiscal year ended September 30, 2024, and $203,000 for the fiscal year ended September 30, 2023.

Note H – Other Post-Employment Benefits (OPEB)

<u>Plan Description</u>

The Authority maintains a single employer medical benefits plan that 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, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* (GASB 75). The Authority currently has 172 active participants in the group medical plan and 2 participating retirees.

<u>OPEB Liability</u>

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.

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

Notes to Financial Statements

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

Actuarial Assumptions

Category	2024	2023
Valuation Date	10/1/2023	10/1/2022
Census Date	9/30/2023	9/23/2023
Discount Rate	4.87% per annum (for FYE 24 Expense); 4.06% (disclosures); 3.06%-5.06% (sensitivity)	4.77% per annum (for FYE 23 Expense) 4.87% (disclosures) (3.87% - 5.87% (sensitivity)
Salary Scale	3% per annum	3% per annum
Mortality	PUB-2010 mortality table with MP-2021 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 to .05% until reaching the ultimate rate of 4.5%	6.5% per annum trending down to .05% until reaching the ultimate rate of 4.5%
Asset Valuation Method	Market value	Market value
Amortization Basis	Experience gains/losses average expected future working lifetime of the whole group. Amortization changes: average expected future working lifetime of the whole group	Experience gains/losses average expected future working lifetime of the whole group. Amortization 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:

	2024	2023
Balance, beginning of year	$ 267,191	$ 352,942
Service cost	13,243	9,832
Interest cost	12,619	16,450
Differences between expected and actual experience	5,616	(94,022)
Changes in assumptions or other inputs	17,187	(1,853)
Benefit payments	(16,158)	(16,158)
Net change	32,507	(85,751)
Balance, end of year	$ 299,698	$ 267,191

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.

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

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, 2024	6.5%	$ 267,145	$ 299,698	$ 338,399
As of September 30, 2023	6.5%	$ 239,854	$ 267,191	$ 299,691

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, 2024	4.87%	$ 322,210	$ 299,698	$ 278,458
As of September 30, 2023	4.77%	$ 286,170	$ 267,191	$ 249,280

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 $187,000 and $264,000 for the years ended September 30, 2024 and 2023, respectively.

The Authority is also a participant in the City's property insurance program which is provided through commercial insurance policies. Premium expenses amounted to $1,036,000 and $804,000 for the years ended September 30, 2024, and 2023, 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:

	2024				
(In thousands of dollars)	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds and notes payable					
Revenue bonds	$ 42,400	$ -	$ -	$ 42,400	$ -
Revenue notes – tax exempt	156,248	-	(6,768)	149,480	8,425
Revenue note – taxable	2,395	-	(1,900)	495	495
Unamortized original issue premium amounts	4,835	-	(188)	4,647	-
Total bonds and notes payable	205,878	-	(8,856)	197,022	8,920
Liability for pollution remediation	732	36	(104)	664	-
Compensated absences and OPEB	2,010	272	(215)	2,067	332
Payable to primary government	6,122	-	-	6,122	-
Line of credit	2,920	27,257	(6,265)	23,912	-
Total	$ 217,662	$ 27,565	$ (15,440)	$ 229,787	$ 9,252

	2023				
(In thousands of dollars)	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
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	$ 236,035	$ 7,054	$ (25,427)	$ 217,662	$ 9,023

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:

(in thousands of dollars)	2024	2023
Tax Exempt Revenue Note, Series 2017, due in varying amounts through 2028. Interest rate is fixed at 2.25%.	$ 12,210	$ 14,490
Tax Exempt Revenue Note, Series 2010, due in varying amounts through 2030. Interest rate is fixed at 2.69%.	12,348	13,844
Tax Exempt Bank Note Crane 2014, Subordinate Obligation due in varying amounts through 2034. Interest rate is fixed at 3.04%.	14,200	15,331
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 2.872%.	21,853	23,713
Taxable Revenue Note, Series 2020A, due in varying amounts through 2024. Interest rate is fixed at 2.66%.	495	2,395
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, 5.01% to 5.76% in 2023 and 2024. Principal due February 2028.	23,912	2,920
Total revenue bonds, notes and line of credit	216,288	203,963
Less current portion	8,920	8,668
Total revenue bonds, notes and line of credit, net	$ 207,368	$ 195,295

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. The outstanding balance on the line of credit at September 30, 2024 was $23,912,154.

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, 2024 was $12,348,303.

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, 2024 was $14,199,357.

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 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, 2024 was $12,210,000.

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, 2024 was $21,853,000

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, 2024 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 resulted in two bank notes, the Taxable Revenue Note, Series 2020A for $[illegible],105,000, 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, 2024 of $495,000.

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, 2024 was $88,870,000.

<ins>Bond covenants</ins>

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.

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)

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, 2024, was as follows (in thousands):

Years ending	Interest	Principal
2025	$ 5,565	$ 8,920
2026	5,334	9,183
2027	5,098	9,438
2028	4,855	9,702
2029	4,605	9,978
2030-2034	18,926	58,067
2035-2039	11,665	55,463
2040-2044	6,245	13,845
2045-2049	2,311	17,780
	$ 64,604	$ 192,376

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

Unamortized premiums on bonds were $4,647 and $4,835 at year-end 2024 and 2023, respectively. Unamortized deferred loss on debt refundings was $4,788 and $5,154 in 2024 and 2023, 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.

(in thousands of dollars)	2024	2023
Deferred loss on debt refundings	$ 4,788	$ 5,154
Deferred outflow pension (see Note F)	4,091	3,910
Total deferred outflow of resources	$ 8,879	$ 9,064
Deferred inflow of resources – pension (see Note F)	$ 2,377	$ 1,456

Other noncurrent liabilities

Unearned revenue balances were approximately $19,713,000 and $14,592,000 for years ended September 30, 2024 and 2023, respectively. The current portion was $700,000 each year 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. This balance also includes unearned grant funds of $5,821,000 for ongoing projects and construction funding agreements from the City of Jacksonville to construct Fire Station #48 at Blount Island. These funds will remain unearned until they are utilized for eligible project expenses.

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)

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. This balance of $6,122,000 remains payable at year end 2024.

OPEB liabilities for retiree medical benefits were approximately $300,000 and $267,000 at September 30, 2024 and 2023, respectively. See Note H for additional information.

Note L – Commitments and Contingencies

Construction Related

As of September 30, 2024, the Authority has committed approximately $170,313,000 for future construction work. This primarily includes terminal construction projects, berth improvements and the acquisition of three new container cranes.

Environmental Remediation

The Authority owns several parcels of property located at the southernmost portion of the Talleyrand Marine Terminal which previous owners used 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 and has periodically added to that reserve since that time. As a result of an updated review of the ongoing operations costs of this system in 2024, the Authority provided an incremental charge of $36,000 to supplement the reserve. At September 30, 2024, the reserve balance recorded was approximately $664,000 for ongoing operations and monitoring costs.

Collective Bargaining Agreement

The Authority's workforce is made up of approximately 180 employees. Union employees represent about 40% of the total. The current union contract runs through September 30, 2025.

Note M – Significant Customers

2024

The Authority had five customers with significant operating revenues (10% or more of total revenues): Crowley Liner Services (17%), SSA (15%), Tote Maritime (11%), APS East Coast (12%) and Carnival Cruise Lines (10%).

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%).

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

Notes to Financial Statements

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 $8,379,093 and $6,848,538 were recorded for the years ended September 30, 2024 and 2023, respectively.

State Contributions

State funded awards totaled $39,484,573 and $9,910,935 for the years ended September 30, 2024 and 2023, respectively.

Note O – Subsequent Event

In January 2025, President Trump signed executive orders that could potentially impact federal financial assistance. Federal agencies have been tasked with reviewing federal programs to ensure alignment with these orders. The Authority receives various federal grants and payments that could be subject to the aforementioned executive orders. The Authority does not believe any loss of funding would be material to its financial statements; however, the implications of these executive orders are not fully known at the date these financial statements were issued. For fiscal year ending September 30, 2024, federal funding totaled $10.2 million. Grant receivables associated with federal grants were $3.9 million as of September 30, 2024, of which approximately $2.0 million has been collected subsequent to year-end.

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)

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability – beginning	$ 267,191	$ 352,942	$ 404,992	$ 315,914	$ 294,914	$ 317,699	$ 319,347
Service cost	13,243	9,832	16,442	15,206	15,000	16,000	14,896
Interest cost	12,619	16,450	9,397	7,917	12,000	12,098	11,984
Differences between expected and actual experience	5,616	(94,022)	(5,422)	18,890	-	67,260	-
Changes in assumptions or other inputs	17,187	(1,853)	(35,873)	83,659	-	(115,492)	(18,451)
Benefit payments	(16,158)	(16,158)	(36,594)	(36,594)	(6,000)	(2,651)	(10,077)
Net change	32,507	(85,751)	(52,050)	89,078	21,000	(22,785)	(1,648)
Total OPEB liability – ending	$ 299,698	$ 267,191	$ 352,942	$ 404,992	$ 315,914	$ 294,914	$ 317,699
Covered employee payroll	$ 13,279,605	$ 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	2.26%	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 (UNAUDITED)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the FRS net pension liability	0.0310%	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	$ 11,981,074	$ 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	$ 15,920,787	$ 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	75.25%	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										

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.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the HIS net pension liability	0.0369%	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	$ 5,542,569	$ 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	$ 15,920,787	$ 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	34.81%	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	4.80%	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. This schedule is presented to illustrate the requirements of GASB Statement No. 68.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required FRS contribution	$ 2,379,534	$ 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	2,379,534	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	$ 15,920,787	$ 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	14.9%	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.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required HIS contribution	$ 278,886	$ 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	278,886	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	$ 15,920,787	$ 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	1.8%	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.

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, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Contract Number	Pass-Through Entity Identifying Number	Provided To Subrecipients	Total Federal Expenditures
U.S. Department of Homeland Security					
Port Security Grant Program	97.056	EMW-2021-PU-00128	Not applicable	$ -	$ 17,745
Port Security Grant Program	97.056	EMW-2021-PU-00128	Not applicable	-	1,196,923
Port Security Grant Program	97.056	EMW-2022-PU-00224	Not applicable	-	227,882
Port Security Grant Program	97.056	EMW-2023-PU-00062	Not applicable	-	66,699
Total Port Security Grant Program				-	1,509,249
Passed Through the State of Florida:					
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	693JF72040002	693JF72040002	-	6,192
Total Disaster Grants – Public Assistance (Presidentially Declared Disasters)				-	6,192
Total U.S. Department of Homeland Security				-	1,515,441
U.S. Department of Transportation					
National Infrastructure Investments	20.933	Hurricane Dorian	Not applicable	-	6,887,590
Port Infrastructure Development Program	20.823	693JF72344033	Not applicable	1,732,397	1,732,397
Port Infrastructure Development Program	20.823	693JF723440[illegible]3	Not applicable	-	36,322
Total Port Infrastructure Development Program				1,732,397	1,768,719
Total U.S. Department of Transportation				1,732,397	8,656,309
Total Expenditures of Federal Awards				$ 1,732,397	$ 10,171,750

State Grantor/Pass-Through Grantor/Project Title	State CSFA Number	Contract Number	Total State Expenditures
State of Florida Department of Transportation			
Seaport Grant Programs	55.005	G0[illegible]	$ 198,419
Seaport Grant Programs	55.005	G2404	29,771
Seaport Grant Programs	55.005	G1L70	24,163
Seaport Grant Programs	55.005	G1L95	1,239,281
Seaport Grant Programs	55.005	G1V25	470,297
Seaport Grant Programs	55.005	G2408	461,588
Seaport Grant Programs	55.005	G2752	27,342
Seaport Grant Programs	55.005	G2756	15,545,708
Seaport Grant Programs	55.005	G2757	1,806,777
Seaport Grant Programs	55.005	G2758	261,947
Seaport Grant Programs	55.005	G2F55	604,853
Seaport Grant Programs	55.005	G2H79	42,303
Seaport Grant Programs	55.005	G2V31	74,666
Total Seaport Grant Programs			20,787,115
Local Transportation Projects	55.039	G2N13	15,127,700
Local Transportation Projects	55.039	G3188	3,629,454
Total Local Transportation Projects			18,757,154
Total Expenditures of State Financial Assistance			$ 39,544,269
Total Expenditures of Federal Awards and State Financial Assistance			$ 49,716,019

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, 2024. 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* (Chapter 10.650). 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, 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 and Chapter 10.650, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. 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 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, 2024, 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 [DATE].

Report on Internal Control over Financial Reporting

In planning and performing our audit of the 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 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 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 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 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.

Jacksonville, Florida
[DATE]

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

Opinion on Each Major Federal Program and Each Major 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 major state financial assistance projects for the year ended September 30, 2024. The Authority's major federal programs and state financial assistance projects 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 major state financial assistance projects for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program and Each Major 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 each major 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 each major 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 Authority as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon, dated [DATE], 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 Chapter 10.650, 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.

Jacksonville, Florida
[DATE]

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
20.823	Port Infrastructure Development 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?	X	Yes		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
55.039	Local Transportation Projects

Dollar threshold used to distinguish between type A and type B projects:	$1,186,328

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

Member of the Board of Directors
Jacksonville Port Authority

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, 2024, and have issued our report thereon dated [DATE].

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 Each Major 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 [DATE], 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 Statues.

Specific Information
As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, *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 174.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as zero.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $16,274,339.

d. All compensation earned by 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 being reported, together with the total expenditures for such project. This information is included in the schedule below.

JACKSONVILLE PORT AUTHORITY
2023-2024 CAPITAL PROJECTS > $65K

PROJECT NUMBER	PROJECT DESCRIPTION	CONTRACT PAYMENTS
	CLEARING (CIP PARTS)	$ 325,009
	CLEARING (Dames Point Equipment Purchase)	6,146,900
B2020-01	Container Terminal Upgrades	23,978,041
B2020-02	Breasting Dolphin BI (Berth 22)	2,576,495
B2021-02	Intersection Improvements @ Wm Mills/Dave Rawls	1,677,840
B2021-10	Install Rail Gates BI	487,204
B2022-10	T Berth Construction @ Berth 20 (Design)	363,449
B2022-11	Auto Processing Facility Development	48,596,738
B2022-13	Hanjung Crane #8810 Upgrades	104,302
B2022-14	Hanjung Crane #8811 Upgrades	178,384
B2023-04	Construct Equipment Wash Facility BI	83,689
B2023-09	HVAC Uprades at ACC	165,467
B2024-01	JFRD New Facility	182,920
B2024-02	Berth 32 Upgrades	142,115
B2024-04	Tenant Asphalt Facility Rehab FY24	174,226
B2024-06	Access Control Bldg Upgrades	149,673
B2024-07	BIMT Maintenance Facility Bldg Upgrades	117,477
C2024-01	Purchase of (3) New Cranes	18,948,927
C2024-04	ZPMC #10487 50G HVAC Uprades	134,269
C2024-10	ZPMC #10778 Festoon Replacement	283,795
D2021-01	CBP PHYSEC Upgrades	194,133
D2022-01	Slope Protection between Cruise Terminal & Tenant (Design & Construction)	976,296
D2022-06	Cruise Terminal Canopy Upgrades	771,119
D2024-01	August Drive Road Elevation	161,483
D2024-02	Berth 8 & Berth 10 Fender Refurbish	95,987
D2024-06	DPMT Admin Bldg Roof	126,063
G2021-06	Upland Dredge Material Mgmt Area-Bartram Island-"C"-Construction	3,564,423
G2022-03	PSPG Rnd 21 Security Grant Projects	1,595,897
G2023-03	Power Lines	1,209,830
G2023-04	PSPG Rnd 22 Security Grant Projects	303,842
G2023-08	PCOB 2nd FL Renovations	358,279
G2024-01	Bartram Island DMMA Cell B2 Capacity Creation	502,760
G2024-02	PSPG Rnd 23 Security Grant Projects	88,932
G2024-03	FSTED 24 Security Grant	99,555
T2021-01	HVAC Upgrade - Tenant	101,711
T2021-02	Rehabilitate Under Deck Concrete	402,191
T2021-06	Pile, Cap and Beam Rehab TMT-Berth 5 - (Cleaning, Design, Construction)	112,589
T2022-06	Hanjung Crane #8844 Upgrades	2,174,727
T2023-02	Warehouse #1 Canopies & Expansion	286,093
T2024-01	Resurfacing - Asphalt Repairs/Upgrades FY24	558,927
T2024-03	Upgrade Rail (TMT Rail Spur)	112,290
	OTHER CAPITAL	
003.2030.175-C	Railroad Tracks & Ties Uograde (BIMT)	75,172
003.2035.188	HVAC Embark - Cruise Terminal	142,777
003.2013.172	Harbor Deepening Monitoring Fees	2,320,600
003.2046.XXX	Vehicle Purchases for all Terminals	719,633
003.2042.193	IT Hardware/Software Upgrades	112,624
003.2042.193-H	Fuel System Upgrade	269,968

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 the schedule below.

JACKSONVILLE PORT AUTHORITY

QUARTERLY REPORT SUMMARY
For the Twelve Months Ending September 30, 2024
UNAUDITED

BALANCE SHEET

		Current Liabilities	$ 25,317,638
Cash and Investments	$ 102,533,208	Notes and Bonds Payable	220,933,699
Accounts Receivable & Other Assets	44,149,574	Other Liabilities	46,772,906
Fixed Assets	923,666,329	Net Position	777,324,869
TOTAL ASSETS	$ 1,070,349,112	TOTAL LIABILITIES & EQUITY	$ 1,070,349,112

	2023/2024 ORIGINAL BUDGET	2023/2024 AMENDED BUDGET	2023/2024 YTD ACTUAL	FAVORABLE (UNFAVORABLE) BUDGET VARIANCE
OPERATING REVENUES				
Containers	$ 31,993,208	$ 31,993,208	$ 30,770,942	$ (1,222,266)
Autos	$ 13,554,676	$ 13,554,676	$ 15,014,304	$ 1,459,628
Military	$ 700,000	$ 700,000	$ 1,815,815	$ 1,115,815
Break Bulk	$ 5,279,828	$ 5,279,828	$ 4,769,500	$ (510,328)
Liquid Bulk	$ 1,569,850	$ 1,569,850	$ 1,369,652	$ (200,198)
Dry Bulk	$ 2,138,794	$ 2,138,794	$ 2,895,270	$ 756,476
Cruise	$ 5,322,401	$ 5,322,401	$ 7,258,130	$ 1,935,729
Other Operating Revenues	$ 3,091,503	$ 3,091,503	$ 5,429,933	$ 2,338,430
TOTAL OPERATING REVENUES	$ 63,650,260	$ 63,650,260	$ 69,323,546	$ 5,673,286
OPERATING EXPENDITURES				
Salaries	$ 16,339,955	$ 16,339,955	$ 16,032,436	$ 307,519
Employee Benefits	$ 7,382,249	$ 7,382,249	$ 7,321,027	$ 61,222
Services & Supplies	$ 6,846,178	$ 6,846,178	$ 6,109,087	$ 737,091
Security Services	$ 5,710,980	$ 5,710,980	$ 5,855,058	$ (144,078)
Business Travel & Training	$ 683,211	$ 683,211	$ 557,453	$ 125,758
Promotion, Advertising & Dues	$ 774,293	$ 774,293	$ 590,346	$ 183,947
Utility Services	$ 830,730	$ 830,730	$ 831,300	$ (570)
Repairs & Maintenance Projects	$ 2,552,735	$ 2,552,735	$ 2,570,764	$ (18,029)
Crane Maintenance Pass Thru	$ (990,000)	$ (990,000)	$ (1,241,705)	$ 251,705
Berth Maintenance Dredging	$ 5,500,141	$ 5,500,141	$ 9,513,976	$ (4,013,835)
Miscellaneous	$ 176,608	$ 176,608	$ 196,480	$ (19,872)
TOTAL OPERATING EXPENDITURES	$ 45,807,080	$ 45,807,080	$ 48,336,222	$ (2,529,142)
OPERATING INCOME	$ 17,843,180	$ 17,843,180	$ 20,987,324	$ 8,202,428
NON-OPERATING REVENUES				
Investment Income	$ 1,296,397	$ 1,296,397	$ 4,030,586	$ 2,734,189
Shared Revenue from Primary Govt	10,056,438	10,056,438	10,044,377	$ (12,061)
Operating Grants	73,440	73,440	17,745	$ (55,695)
Other Revenue	8,500	8,500	1,550	$ (6,950)
	$ 11,434,775	$ 11,434,775	$ 14,094,258	$ 2,659,483
NON-OPERATING EXPENSES				
Debt Service	$ 16,962,796	$ 16,962,796	$ 15,323,476	$ 1,639,320
Other Expenditures	3,360	3,360	15,415	$ (12,055)
	$ 16,966,156	$ 16,966,156	$ 15,338,891	$ 1,627,265
NET INCOME BEFORE CAPITAL OUTLAY AND CONTINGENCY	**$ 12,311,799**	**$ 12,311,799**	**$ 19,742,691**	$ 7,430,892
Transfer (to)/from Operating Capital Outlay	$ (12,311,799)	$ (12,311,799)	$ (8,134,373)	$ 4,177,426
SURPLUS (DEFICIT)	$ -	$ -	$ 11,608,319	$ 11,608,319
TOTAL REVENUES	**$ 75,085,035**	**$ 75,085,035**	**$ 83,417,804**	
TOTAL APPROPRIATIONS	**$ 75,085,035**	**$ 75,085,035**	**$ 71,809,486**	

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.

Jacksonville, Florida
[DATE]

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, 2023 to September 30, 2024. 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. 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.

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

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

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, 2023 to September 30, 2024.

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.

Jacksonville, Florida
[DATE]

BD2025-02-02

SUBMISSION FOR BOARD APPROVAL

SUBJECT: Fulton Cut Crossing Electric Transmission Lines Project Agreement

FUNDING: $32,500,000 **BUDGETED:** YES

SOURCE OF FUNDS: Harbor deepening savings/pay-go/borrowing

BACKGROUND: Directly East of the Blount Island Marine Terminal are six (6) aerial high-voltage electric transmission lines (Fulton Cut Crossing) owned by JEA that cross the St. Johns River. These transmission lines currently create an air draft restriction of 175 feet for vessels traveling to Blount Island. This height is an impediment to the growing fleet of international cargo ships requiring a higher clearance of 225 feet above mean high tide (205 feet operational clearance) to create, protect, and expand jobs and economic impact. The project costs estimated at 60% design were $42-45 million. As the project has progressed, JEA has now completed final 100% design and engineering with updated project costs of $117 million. With $45 million already committed to the project by the State of Florida, JAXPORT, and the City of Jacksonville, we have been in discussion with JEA and the City in a cooperative joint-effort to fund the updated cost and raise the powerlines.

STATUS: The City, JEA, and JAXPORT have met and are seeking to authorize the attached Agreement which memorializes the project scope, timeline, and funding between the parties with the mutually beneficial goal of allowing for the growing fleet of larger ships requiring enhanced clearance. The parties have expressed their desire, willingness, and commitment to raising the power lines in a cooperative manner with a tentative schedule of operational completion at the end of 2026.

RECOMMENDATION: Staff recommends that the Board of Directors Authorize the Chief Executive Officer, or his designee, to execute the Interlocal Agreement between the Jacksonville Port Authority, City of Jacksonville, and JEA and authorize a project contingency of up to 5% of the JAXPORT share.

ATTACHMENTS:

Resolution
Interlocal Agreement

BD2025-02-02

SUBMISSION FOR BOARD APPROVAL

RECOMMENDED FOR APPROVAL:

Patrick "Joey" Greive
Chief Financial Officer

Patrick Greive
Patrick Greive (Feb 12, 2025 11:08 EST)
Signature and Date

SUBMITTED FOR APPROVAL:

Eric Green, CEO

Eric B. Green
Eric B. Green (Feb 12, 2025 11:41 EST)
Signature and Date

BOARD APPROVAL:

February 24, 2025
Meeting Date

Rebecca Dicks/Recording Secretary

ATTEST:

Tom Slater, Secretary

Wendy O. Hamilton, Chairman

AGREEMENT BETWEEN THE CITY OF JACKSONVILLE, THE JACKSONVILLE ELECTRIC AUTHORITY, AND JAXPORT FOR THE FUNDING AND COMPLETION OF THE FULTON CUT CROSSING ELECTRIC TRANSMISSION LINES PROJECT AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE ALL DOCUMENTATION REQUIRED TO RECEIVE AND DISBURSE FUNDS AS REQUIRED.

WHEREAS, on April 18 2023, the Jacksonville Port Authority (JAXPORT) entered into an Agreement with the Jacksonville Electric Authority (JEA) to raise the Fulton Cut Crossing Electric Transmission Lines (the "Powerlines") to 225 feet above high tide (the "Project"), and

WHEREAS, on March 27, 2023, JAXPORT and the City of Jacksonville entered into a funding agreement to provide partial funding for the Project; and

WHEREAS, JEA, as the owner of the Powerlines, will manage the Project, including finalizing a Construction Guaranteed Maximum Price and Total Project Cost; and

WHEREAS, the preliminary estimated costs of the Project were between $42,000,000 and $45,000,000; and

WHEREAS, after more complete engineering and construction plans were finalized, the new Total Project Cost submitted to JEA is $117,000,000, inclusive of owner direct costs and contingency amounts; and

WHEREAS, JAXPORT seeks to provide assurances to the City of Jacksonville and JEA that JAXPORT will provide (i) reimbursement for allowable expenses as the recipient of grant funding from the Florida Department of Transportation, in the amount not to exceed $22,500,000 and (ii) contribute $32,500,000 to the Total Project Cost to complete the raising of the transmission lines;

WHEREAS, in order to memorialize the agreement between JAXPORT, the City of Jacksonville, and JEA, the parties have agreed to entered into an Agreement;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Jacksonville Port Authority:

Section 1: JAXPORT confirms its desire to enter into an Agreement with the City of Jacksonville and JEA in order to more fully define roles and responsibilities of each of the parties in the raising of the transmission lines.

Section 2: The Chief Executive Officer, or his authorized representative, is herein specifically authorized to enter into and sign the Interlocal Agreement and such documents as may be necessary, including Assurances, Certifications and all other documents as may be required.

Section 3: Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED this 24th day of February 2025.

JACKSONVILLE PORT AUTHORITY

(Official Seal)

ATTEST

____
Wendy O. Hamilton, Chair

____
Tom Slater, Secretary

Instrument Prepared By:

Christine Valliere
Assistant General Counsel
Office of General Counsel
117 W. Duval Street, Suite 480
Jacksonville, FL 32202

INTERLOCAL AGREEMENT

(Regarding the Fulton Cut Crossing Transmission Lines)

THIS INTERLOCAL AGREEMENT ("Agreement") is entered into this ____ day of _______________, 2025 (the "Effective Date"), among the **JACKSONVILLE PORT AUTHORITY** ("JAXPORT"), a body politic and corporate existing under the laws of the State of Florida, located at 2831 Talleyrand Avenue, Jacksonville, FL 32206, **CITY OF JACKSONVILLE**, a consolidated municipal corporation and political subdivision of the State of Florida ("CITY") and **JEA**, a body politic and corporate existing under the laws of the State of Florida ("JEA"), located at 225 N. Pearl Street, Jacksonville, FL 32202 (together, the "Parties").

RECITALS:

WHEREAS, JAXPORT, a body politic and corporate created under chapter 2001-319, Laws of Florida, as amended, and Part B, Article 5 of the City Charter is charged with operating, managing, and controlling the publicly owned seaport and ancillary facilities situated within the geographic boundaries of the City; and

WHEREAS, JEA, a body politic and corporate created under chapter 78-538, Laws of Florida, as amended, and Part A, Article 21 of the City Charter, is vested with plenary authority to own, manage and operate electric, water, wastewater, natural gas, and other utility systems situated within and without the City in accordance with Article 21; and

WHEREAS, JEA owns and operates six (6) aerial high-voltage electric transmission lines that cross the St. Johns River at the Fulton Cut Crossing; and

WHEREAS, the transmission lines are currently carried by three (3) double circuit lattice towers located on each side of the crossing; and

WHEREAS, JAXPORT desires to increase the height of JEA's transmission lines to improve conditions for the size and types of ships traversing Fulton Cut Crossing, thereby expanding navigation into and out of JAXPORT facilities, and JEA will acquire more updated infrastructure to serve the area; and

WHEREAS, JEA has confirmed the feasibility of replacing the existing lattice towers so as to increase or raise the height of JEA's transmission lines to at least 225 feet above mean high water to provide a minimum 205 feet of navigation operational clearance (the "Project") and agrees to facilitate construction of the Project in coordination with JAXPORT and CITY; and

WHEREAS, on March 27, 2023, JAXPORT and CITY entered into that certain Jacksonville Port Authority Fulton Cut Powerlines Raising Funding Agreement ("City Agreement") to provide partial funding for the Project in the up to, maximum amount of $22,500,000 (the "2023 City Funding"), and as of the Effective Date hereof no portion of the 2023 City Funding has been disbursed in connection with the Project; and

WHEREAS, on April 18, 2023, JAXPORT and JEA entered into that certain interlocal agreement regarding the Fulton Cut Crossing Transmission Lines ("JEA Agreement") to facilitate construction of the Project; and

WHEREAS, in 2023, the preliminary estimated aggregate cost of the Project was between $42,000,000 and $45,000,000, inclusive of the contingency amounts, over a four-year period; and

WHEREAS, since that time the total aggregate cost of the Project has increased to a not to exceed amount of $117,000,000 (inclusive of contingency amounts and as further defined in Section 3.c.(iii) below, the "Total Project Cost"); and

WHEREAS, CITY and JAXPORT desire to terminate the City Agreement, and JEA and JAXPORT desire to terminate the JEA Agreement, and the Parties desire to enter into this Agreement to adjust the financial responsibilities of the Parties related to the Project as a result of the increased costs for the Project; and

WHEREAS, JAXPORT has secured funding for the Project from the Florida Department of Transportation ("FDOT") in the amount of Twenty-Two Million, Five Hundred Thousand Dollars ($22,500,000) ("FDOT Grant Funds"), to be disbursed on a reimbursement basis during the Project duration; and

WHEREAS, CITY agrees to provide JAXPORT a grant in the amount of Twenty-Nine Million, Five Hundred Thousand Dollars ($29,500,000), comprised of the 2023 City Funding and $7,000,000 of cost savings credited to the City from funding previously approved for the St. Johns River Harbor Deepening Project as authorized by 2020-377-E (collectively, the "City Grant"), subject to and contingent upon a lawful appropriation therefor by City Council, to be used exclusively to partially fund the Project on a pro rata basis with the FDOT Grant Funds and funds contributed by JAXPORT and JEA, and an additional $5,000,000 of contingent City funding to be used exclusively in the event the actual Project costs exceeds the Total Project Cost, with JEA and JAXPORT splitting any further cost over runs on a 50/50 basis; and

WHEREAS, JEA agrees to provide the work necessary to complete the Project and contribute Thirty-Two Million, Five Hundred Thousand Dollars ($32,500,000) ("JEA Funding") towards the cost of the Project; and

WHEREAS, JAXPORT agrees to provide Thirty-Two Million, Five Hundred Thousand Dollars ($32,500,000) ("JAXPORT Funding") towards the cost of the Project; and

WHEREAS, pursuant to Resolution 2025-___, the JEA Board approved the JEA Funding and Project responsibilities for the purposes set forth in this Agreement; and

WHEREAS, pursuant to Board Resolution 2025-___, JAXPORT approved the JAXPORT Funding and Project responsibilities for the purposes set forth in this Agreement; and

WHEREAS, the City is authorized to enter into this Agreement pursuant to Ordinance 2025-___-E; and

WHEREAS, supplemental to their other powers, JAXPORT, CITY and JEA, pursuant to Chapter 163.01, *Florida Statutes*, as amended, are authorized and empowered to cooperate with each other on a basis of mutual advantage and governmental agencies are permitted to enter into interlocal agreements to make the most efficient use of their powers on the basis of mutual advantage, and JAXPORT, CITY and JEA desire to enter into this Agreement for the mutual advantages to each party contemplated herein.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, the sufficiency of which is hereby acknowledged, JAXPORT, CITY and JEA agree as follows:

1. Incorporation of Recitals. The Recitals set forth above are true and correct and incorporated into this Agreement.

2. Termination and Replacement; Term. The respective Parties hereby terminate the City Agreement and JEA Agreement. This Agreement shall commence on the Effective Date hereof and shall remain in effect unless terminated by the mutual agreement of the Parties or as otherwise provided in this Agreement.

3. Project Scope and Administration.

(a) JEA to Provide the Work. JEA shall perform, undertake, oversee, manage, and supervise all work required for the design, permitting, engineering, construction, quality control, and completion of the Project (the "Work"). As part of such duties, JEA will manage timely completion of the Project Work in accordance with the Project schedule attached hereto as **Exhibit A** ("Project Schedule"), as amended, while providing reliable services to JEA customers. The Parties acknowledge and agree that the attached Project Schedule is preliminary and will be updated and amended by the Parties administratively during the term of this Agreement based on appropriation of funding, finalized permitting, design, construction plans, or as otherwise agreed by the Parties. The Parties further acknowledge and agree that (1) construction of the Project is inherently complicated and safety is of paramount concern, and (2) the Project Schedule is subject to seasonal ambient air temperatures and storm events. Accordingly, JEA cannot reasonably guarantee the Project will achieve substantial completion (navigation operational clearance) as of December 31, 2026, but shall make all reasonable efforts to achieve substantial completion as of this date.

(b) Project Permitting; Project Design. JEA shall secure all federal, state, and local permits, licenses, and authorizations required for JEA to commence, undertake, and complete the Project, including, but not limited to, the permit authorizations regarding the Project issued by the United States Army Corps of Engineers (the "Permits"). JAXPORT has provided to JEA the FDOT grant requirements applicable to the Project's engineering and design. JEA has commenced Project design in accordance with the prior JEA Agreement. JAXPORT shall have an opportunity to review and comment on the Project engineering and design plans ("Plans") to ensure that the Plans comply with the FDOT grant requirements and any impacts to JAXPORT owned properties. JEA will ensure that the Project is completed in accordance with the final Plans approved by the Parties, the Agreement terms, and all applicable laws, regulations, orders, permits, guidelines, and directives. At the reasonable request of JAXPORT and/or CITY, and subject to all applicable safety regulations, JEA shall allow JAXPORT and CITY prompt access to the Project site to observe progress of the Work.

(c) Construction Guaranteed Maximum Price; Total Project Cost; Change Orders; Costs Overruns; Cost Savings.

(i) JAXPORT hereby acknowledges and consents to JEA's execution of the Award to Quanta Infrastructure Solutions Group, LLC ("Quanta") for construction of the Project and payment of the Guaranteed Maximum Price ("GMP") in the amount of up to $90,000,000.

(ii) JAXPORT agrees and acknowledges that JEA's performance of the Work may entail amendments or "change orders" to contracts JEA has entered with third party contractors. JEA shall have sole authority to accept all "change orders" submitted by its contractor, except that JAXPORT shall first authorize in writing those "change orders" which, exceed $100,000 or more.

(iii) If no individual change order has exceeded $100,000, but, due to JEA's approval of cumulative change orders, the Total Project Cost has increased in excess of $117,000,000, JAXPORT and JEA shall authorize in writing the approval of all additional change orders, subject to approval by each agency's governing board. "Total Project Cost" shall mean the GMP of up to $90 million pursuant to the JEA contract with Quanta, plus the owner provided direct purchases of materials and services up to $27 million as set forth in the schedule of values as of the date of this Agreement attached hereto as **Exhibit D**. JEA shall be solely responsible for payment of any Project costs or change orders that fall outside of the Plans, constitute upgrades or enhancements to the Plans, or are solely requested by JEA for its convenience. JEA shall be responsible for any Project costs incurred by JEA and ineligible for reimbursement as expressly provided in the terms and conditions of the FDOT Grant Agreement, defined below. Notwithstanding anything contained herein, JAXPORT and JEA shall share equal responsibility on a 50/50 basis for payment of all change orders and other costs related to the Project that would cause the Total Project Cost to exceed $122,000,000. Additional funding contributions from CITY, JAXPORT and JEA are subject to annual budget appropriations and prior approval in accordance with their respective governing documents. Once the amount of cost overruns is determined, JEA and JAXPORT will enter into an amendment to this Agreement to incorporate the additional financial responsibilities.

(iv) In the event the Project achieves a cost savings, the CITY, JAXPORT and JEA contribution amounts shall be reduced as follows: CITY (50%), JAXPORT (25%) and JEA (25%).

(d) Project Access. Construction access for the Project will be by land, barge and air. If JEA's contractor requires access to property owned or controlled by JAXPORT, JAXPORT will cooperate by providing reasonable access as needed to complete the Project, in compliance with JAXPORT's policies and security protocols, which includes compliance with 33 CFR § 101.514, et seq.

(e) Applicable Laws; Procurement. JEA shall procure all design, engineering, and construction services required for performance of the Work and completion of the Project, subject to applicable laws. In so doing JEA shall adhere to Florida public procurement laws, as applicable, including, but not limited to, Section 287.055, *Florida Statutes* (the "Competitive Consultants Negotiation Act "), applicable Grant Agreement terms, and the Disadvantaged Business Enterprise (DBE) Policy. To the extent JEA's normal procurement practices, including those involving DBE Policy and Jacksonville Small and Emerging Businesses (JSEB) programs, conflict with Grant Agreement requirements, JEA shall follow those procurement practices that are consistent with the requirements of the Grant Agreement and applicable law.

(f) Project Status Reports and Completion Report; Project Certifications. JEA shall provide quarterly Project Reports to CITY and JAXPORT summarizing current progress, which shall include current financials outstanding invoices and updated timelines. JEA will submit a Project completion report to JAXPORT and CITY within ninety (90) days following final completion of the Project. The report shall contain, at a minimum, the as-built drawings, surveys, and a certification from the engineer and contractor of record that the Project has been constructed in accordance with the Plans. JEA shall provide the report and certifications in writing to JAXPORT and CITY (i) at such time as JEA has raised the Fulton Cut transmission lines to a navigation operational clearance of 205 feet ("Substantial Completion"); and (ii) upon final completion of the Project, meaning the transmissions lines are raised to their required height, replacement towers are constructed, and JEA has formally closed all contracts related to performance of the Work ("Final Completion").

4. Project Funding.

(a) Generally. The Parties acknowledge and agree that funding of the Total Project Cost amount of $117,000,000 will be provided by FDOT, CITY, JAXPORT and JEA. The expenditure and timeline of each entity providing funds for the Project is outlined in "**Exhibit B**."

(b) State Funds. Pursuant to the "Public Transportation Grant Agreement," between FDOT and JAXPORT, dated December 14, 2022 – Contract No. G2F55 (the "FDOT Grant Agreement"), incorporated by reference and made a part of this Agreement as if fully set forth herein, FDOT shall fund the Project in the form of a $22,500,000 grant payable to JAXPORT on a reimbursement basis ("FDOT Funds"). While not a party to the Grant Agreement, JEA agrees and understands that JEA may be required to adhere to certain conditions and requirements set forth therein, including procurement matters and the terms of agreements JEA enters into with third party contractors on the Project. As a condition of receiving FDOT funds, JAXPORT may be required to certify that the Project contractors are in compliance with certain terms of the Grant Agreement. JAXPORT represents and warrants that, prior to the Effective Date herein, it has informed JEA as to the FDOT requirements it must comply with, and JEA warrants that it understands it must adhere to these obligations under the Grant Agreement for JAXPORT to receive FDOT grant funding for the Project. In addition, JEA agrees to provide JAXPORT with information as needed to establish JEA's compliance with the Grant Agreement terms. JAXPORT's receipt of FDOT funding is contingent upon receiving a project status update from JEA with each request for reimbursement. JEA shall not expend FDOT Funds on ineligible or disallowed grant expenditures, as determined by FDOT.

(c) <u>CITY Funds</u>.

(i) <u>City Grant</u>. As approved by Ordinance 2025-___-E, CITY shall provide funding to JAXPORT in the amount of a $22,500,000 grant and accept and reappropriate $7,000,000 as a portion of the refund from the Jacksonville Harbor Deepening Project. All funding provided by CITY to JAXPORT shall only be utilized for services associated with the planning, design, equipment and construction of the Project, as detailed in a scope of work and estimated cost proposal provided by JEA, which shall be subject to review and approval by CITY prior to disbursement of the funds by CITY. All planning, design and construction services shall be conducted by design professionals, construction companies and/or equipment and material suppliers licensed or certified to conduct business in the State of Florida and procured in accordance with applicable state law.

(ii) <u>City Additional Grant</u>. In addition, CITY is authorized and will provide a contingent grant of up to $5,000,000 to JAXPORT to be used exclusively for cost overrun amounts exceeding the Total Project Cost of

$117,000,000. Any additional cost overruns shall be split 50/50 between JEA and JAXPORT.

(iii) Disbursement Requests. On a no more frequently than monthly basis and no later than fifteen (15) days from the desired date of disbursement, JAXPORT may make disbursement requests to CITY for work performed and paid for by JEA, which request shall include such supporting documentation thereof as reasonably requested by CITY. City funds shall be disbursed as outlined in **Exhibit B**.

(iv) Maximum Indebtedness. The maximum indebtedness of CITY for the City Grant, City Additional Grant and other costs under this Agreement shall be a fixed, monetary amount of up to Thirty- Four Million Five Hundred Thousand and No/100 Dollars ($34,500,000.00), comprised of the 2023 City Funding previously authorized, the $7,000,000 of cost savings under the Harbor Deepening Project, and the $5,000,000 contingency for cost overruns of the Project, all subject to and contingent upon City Council appropriation therefor.

(d) JEA Funds. As by approved by Board Resolution 2025-___, JEA shall provide funding for the Project in the amount of $32,500,000, subject to the payment schedule set forth in **Exhibit B**, plus cost overruns as described in Paragraph 3(c).

(e) JAXPORT Funds. As approved by Board Resolution 2025-___, JAXPORT shall provide funding to the Project in the amount of $32,500,000, subject to the payment schedule set forth in **Exhibit B**, plus cost overruns as described in Paragraph 3(c).

(f) Prior Expenditures. Any funds previously contributed by the Parties to the Project pursuant to the prior City Agreement and JEA Agreement shall be included in the maximum funding amounts established in this Agreement.

(f) Replacement Funding Sources. To the extent FDOT Funds, CITY Funds and/or JAXPORT Funds become unavailable during this Agreement term, JAXPORT shall promptly notify JEA and within 120 days of such notice, identify alternative or replacement funding sources to pay for the Project as provided herein. If JAXPORT fails to timely identify alternative or replacement funding sources to pay for the Project, JEA shall reserve the right to (1) stop work until JAXPORT identifies such alternative or replacement funding or (2) terminate this Agreement. Any Project change orders resulting from JAXPORT's delay in obtaining alternative or replacement funding shall be the sole financial responsibility of JAXPORT.

5. <u>Payment and Reimbursement</u>. The Parties acknowledge and agree that JAXPORT's access to FDOT funding is contingent on prior payment by JEA of the Project expenses. JAXPORT shall fund the Work and all Project costs by timely reimbursing JEA therefor. Accordingly, JEA shall timely pay all Project and Work-related invoices within ten (10) days of submission. Due to CITY funding requirements outlined in Paragraph 4(c), JEA shall notify JAXPORT promptly upon receipt of any Work-related invoices. On a monthly basis, JEA shall provide to JAXPORT any invoices, proof of payment, and a project status update in substantially the same form and format as **"<u>Exhibit C</u>,"** attached hereto, for the prior month. Within 45 days of receipt of the paid invoice, JAXPORT shall pay JEA the full amount due thereunder, drawing upon its funding sources as described in **<u>Exhibit B</u>**. JEA agrees to cooperate with any reporting and invoicing requirements applicable to JEA, as contractor, under the Grant Agreement, with JAXPORT to inform JEA as to any such requirements. JAXPORT shall pay JEA the full amount due for eligible Project costs, subject to JAXPORT's review for compliance with FDOT applicable terms.

6. <u>Reporting</u>. In connection with its management and oversight of the Project, JEA shall keep JAXPORT and CITY informed as to the progress of the Work, including by furnishing written status reports to JAXPORT and CITY monthly. JEA will inform JAXPORT and CITY of any progress meetings with its prime contractor, and JAXPORT and CITY, through designated executives or staff, may attend such meetings in person or virtually.

7. <u>Cooperation</u>. The Parties recognize that planning and coordination among the Parties will ensure that responsibilities under this Agreement are carried out and accommodated in an efficient and timely manner so that the Project Schedule will not be unnecessarily delayed or compromised. JEA, CITY and JAXPORT shall work cooperatively to ensure the timely, safe and cost-effective completion of the Project which will inure to the benefit of the Parties.

8. <u>Insurance</u>. The Parties agree and acknowledge that they are self-insured pursuant to Section 768.28, *Florida Statutes*. JEA shall require its contractors and sub-contractors performing Work on the Project to obtain insurance coverage satisfactory to JEA in its sole discretion. JEA shall require its contractors and sub-contractors to have all insurance required by JEA to be endorsed to the name of JEA, CITY and JAXPORT. Additionally, due to the nature of the Project, prior to the issuance of a notice to proceed to the contractor, JEA will obtain an insurance policy in to be endorsed in the name of JEA, CITY and JAXPORT, to provide coverage for incidents which occur during construction of the Project, provided the cost of such insurance does not cause the aggregate costs to exceed the Total Project Cost. The coverage amount shall be determined by JEA and the policy will remain in effect through construction and the four years after completion of the Project.

9. Indemnity.

(a) JEA shall require that its contractors and sub-contractors hold harmless, indemnify, and defend JEA, CITY and JAXPORT, its members, officers, officials, employees and agents (collectively, the "Indemnified Parties") from and against, without limitation, any and all claims, suits, actions, losses, damages, injuries, liabilities, fines, penalties, costs and expenses of whatsoever kind or nature, which may be incurred by, charged to or recovered from the Indemnified Parties related to the Project.

(b) In the event the Project cannot be completed within the time schedule set forth in **Exhibit A** due to a force majeure event, JAXPORT agrees to indemnify and hold JEA harmless from any claims of third parties against JAXPORT for loss, injury or damages arising out of the timing of completion of the Project, including reasonable legal costs incurred in defense of such claims.

10. Force Majeure.

(a) No party shall be liable for any default or delay in the performance of its obligations under this Agreement due to an act of God, weather conditions affecting construction methodologies or other event to the extent that: (i) the non-performing party is without fault in causing such default or delay; (ii) such default or delay could not have been prevented by reasonable precautions; and (iii) such default or delay could not have been reasonably circumvented by the non-performing party through the use of alternate sources, work-around plans or other means. Such causes include, but are not limited to: act of civil or military authority (including but not limited to courts or administrative agencies); acts of God; war; terrorist attacks; riot; insurrection; inability of JEA to secure approval, validation or sale of bonds; inability of JEA or the contractor to obtain any required permits, licenses or zoning; blockades; embargoes; sabotage; pandemics; fires; hurricanes, tornados, floods; or strikes.

(b) In the event of any delay resulting from such causes, the time for performance of each of the parties hereunder (including the payment of monies if such event actually prevents payment) shall be extended for a period of time reasonably necessary to overcome the effect of such delay, except as provided for elsewhere in the Contract Documents.

(c) In the event of any delay or nonperformance resulting from such causes, the party affected shall promptly notify the other in writing of the nature, cause, date of commencement and the anticipated impact of such delay or nonperformance. Such written notice, including Change Orders, shall indicate the extent, if any, to which it is anticipated that any delivery or completion dates will be thereby affected within seven (7) calendar days.

11. <u>Representations and Warranties</u>. JEA, CITY and JAXPORT represent, warrant and agree, one to the other as their respective interests may appear, as follows:

(a) JEA is a body politic and corporate under the laws of the State of Florida, CITY is a consolidated municipal corporation and political subdivision of the State of Florida and JAXPORT is a body politic and corporate under the laws of the State of Florida, respectively, and each is duly organized, validly existing and in good standing under the laws of the State of Florida, with full legal right, power and authority to conduct its operations substantially as presently conducted, and to execute, deliver and perform its obligations under this Agreement.

(b) After a duly noticed public meeting of its respective governing body, at which a quorum was present and acting throughout, an ordinance or resolution, as applicable, authorizing the execution and delivery of this Agreement was duly enacted or adopted, as applicable, by the governing body of JEA, CITY or JAXPORT, respectively. Such ordinance or resolution remains in full force and effect as of the Effective Date hereof and has not been revoked or modified in any respect.

(c) This Agreement is a legal, valid, and binding obligation of each of JEA, CITY and JAXPORT, respectively, enforceable against JEA, CITY and JAXPORT, respectively, in accordance with its terms, except as enforceability may be limited by equitable principles, or bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting the enforcement of creditors' rights generally.

(d) The execution and delivery of this Agreement and compliance with the provisions hereof will not conflict with or constitute a breach of or a default under the provisions of the City of Jacksonville Charter, JEA Charter or JAXPORT Charter, respectively, the bylaws of JEA or bylaws of JAXPORT or any existing law, court or administrative regulation, judgment, decree or order, agreement, indenture, or other instrument to which CITY, JEA or JAXPORT, respectively, is a party.

12. <u>Termination</u>. Upon the occurrence of a default by a party, the non-defaulting party, at its sole and absolute election, may terminate this Agreement and exercise all rights and remedies it may have at law or in equity. The failure for any party to timely pay its invoices pursuant to Paragraph 5 and reimburse JEA for more than three consecutive months is a default of this Agreement and grounds for termination. In the event JEA terminates this Agreement, JEA has the authority, in its sole discretion, to determine whether it will stop the Work or complete all or a portion of the Project with its own funds. All Parties shall have 60 days to cure a condition of default from the date of notification.

13. Notices. Whenever either party desires to give notice to the other, such notice must be in writing, sent by certified United States Mail, postage prepaid, return receipt requested, or by hand-delivery with a request for a written receipt of acknowledgement of delivery, addressed to the party for whom it is intended at the place last specified, except, JEA may provide paid invoices and proof of payment to JAXPORT via email. The place for giving notice shall remain the same as set forth herein until changed in writing in the manner provided in this section. For the present, the Parties designate the following:

If to JAXPORT:

Nick Primrose
Chief of Regulatory Compliance
2831 Talleyrand Avenue
Jacksonville FL 32206
nicholas.primrose@jaxport.com
Phone: (904) 357-3132

With copies to:

Harry M. Wilson, IV
Assistant General Counsel
Office of General Counsel
117 W. Duval Street, Suite 480
Jacksonville FL 32202
RMWilson@coj.net
Phone: (904) 255-7763

If to JEA:

Ricky Erixton
Chief Electric Systems Officer
225 N. Pearl Street
Jacksonville FL 32202
ErixRD@jea.com

Phone: (904) 665-7110

With copies to:

Regina D. Ross, JEA Chief Legal Officer
Office of General Counsel
225 N. Pearl Street
Jacksonville FL 32202
rossrd@jea.com
Phone (904) 665-6844

If to CITY:

Michael Weinstein
Chief of Staff, Mayor Donna Deegan
117 W. Duval Street, Ste. 400
Jacksonville, FL 32202
WeinsteinM@coj.net
(904) 255-5362

With copies to:

John C. Sawyer, Jr.
Deputy General Counsel
Office of General Counsel
117 W. Duval Street, Suite 480
Jacksonville FL 32202
JSawyer@coj.net
Phone: (904) 255-5074

A Party may change the recipient or address to which such communications are to be directed by giving written notice to the other Party in the manner provided in this paragraph.

14. Severability. If any word, phrase, sentence, part, subsection, section, or other portion of this Agreement, or any application thereof, to any person, or circumstances is declared void, unconstitutional, or invalid for any reason, then such word, phrase, sentence, part, subsection, other portion, or the proscribed application thereof, not having been declared void, unconstitutional, or invalid shall remain in full force, and effect.

15. **<u>Relationship of the Parties</u>**. The Parties' relationship, as established by this Agreement, is solely that of independent contractors. This Agreement does not create any partnership, joint venture, or similar business relationship between the Parties. Neither party is a legal representative of the other party, and neither party can assume or create any obligation, representation, warranty or guarantee, express or implied, on behalf of the other party for any purpose whatsoever.

16. **<u>Incorporation of Exhibits</u>**. The exhibits identified in this Agreement are incorporated herein by reference and made part hereof.

17. **<u>Entire Agreement</u>**. This Agreement contains the entire agreement between the respective parties hereto relating to the subject matter hereof. No statement or representation of the respective parties hereto, their agents or employees, made outside of this Agreement, and not contained herein, shall form any part hereof or bind any respective party hereto. This Agreement shall not be supplemented, amended or modified except by written instrument signed by the respective parties hereto.

18. **<u>Survival</u>**. All representations, warranties, indemnities and other covenants set forth herein shall be deemed continuing in nature and shall survive the expiration or early termination of this Agreement.

19. **<u>Venue; Governing Law</u>**. The parties acknowledge, consent and agree that all legal actions or proceedings arising out of or related to this Agreement shall be initiated in a state or federal court in Duval County, Florida having competent jurisdiction. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Florida.

20. **<u>Successors in Interest</u>**. This Agreement shall bind and inure to the benefit of the Parties hereto and their respective heirs, legal representatives and successors. Whenever used, the singular shall include the plural and one gender shall include all genders. Neither Party to this Agreement may assign this Agreement or any interest therein without the prior written consent of the other Parties.

21. **<u>Waiver.</u>** Failure of any Parties to insist on strict performance of any covenant or condition of this Agreement or to exercise any right herein contained shall not be construed as a waiver or relinquishment for the future of any such covenant, condition or right; but the same shall remain in full force and effect.

22. **<u>Future Funding</u>**. This Agreement is limited to the terms expressly set forth herein and shall not be construed to require the Parties to provide funding as otherwise set forth herein, nor is it intended to prevent the Parties from providing other funds for direct investment in the Project pursuant to a separate instrument.

(a) Additional funds received by the Parties to offset the cost of the Project shall be applied to reimburse each Party as follows: CITY (50%), JAXPORT (25%) and JEA (25%), except that CITY shall first be reimbursed 100% for any City Additional Grant funds utilized for cost overruns.

(b) Example 1 – There are no Project cost overruns and additional funding in the amount of $10,000,000 is secured. CITY receives a $5,000,000 cost offset. JAXPORT and JEA each receive a $2,500,000 cost offset.

(c) Example 2 – There are Project cost overruns and CITY contributes $5,000,000 of the City Additional Grant. If additional funding in the amount of $10,000,000 is secured, CITY receives a $7,500,000 cost offset ($5,000,000 for the City Additional Grant and $2,500,000 of the remaining additional funding). JAXPORT and JEA each receive a $1,250,000 cost offset.

(d) In the event conditions attached to such additional future funds require a different reimbursement distribution, those conditions shall supersede the above allocations.

23. Counterparts. This Agreement may be executed electronically and in one or more counterparts, but all such counterparts, when duly executed, shall constitute one and the same Agreement. Delivery of a signed counterpart by electronic means shall be valid for all purposes.

24. Addendum. Any addendum or exhibit attached hereto shall be deemed a part of this Agreement.

25. Effective Date. Pursuant to Section 163.01(11), *Florida Statutes*, it will be a condition precedent to the effectiveness of this Agreement that it is filed with the Clerk of the Circuit Court in and for Duval County, Florida. The costs of such filing shall be borne by JEA. As such, upon full execution of the Agreement, JEA shall file a fully executed original of this Agreement with the Clerk and shall return copies of the filed Agreement to the JAXPORT and CITY representative identified in Section 13.

Exhibit A: Project Schedule

Exhibit B: Payment Schedule

Exhibit C: Invoice, Proof of Payment, Project Status Format

Exhibit D: Schedule of Values

[Remainder of page left blank intentionally. Signature pages follow.]

IN WITNESS WHEREOF, the parties, by and through their lawfully authorized representatives, have executed this Agreement on the day and year first above written.

JEA

By:__________________________
Vicky Cavey, Chief Executive Officer

Form Approved (As to JEA)

By:____________________
Office of General Counsel

STATE OF FLORIDA)

COUNTY OF DUVAL)

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this _____ day of _______________, 20______, by _______________________, the _____________ of __________________________, a _____________________________, on behalf of said _________________________ ____________. Such person did not take an oath and: *(notary must check applicable box)*

☐ is/are personally known to me.

☐ produced a current ____________ driver's license as identification.

☐ produced _________________________ as identification.

{Notary Seal must be affixed}

____
Signature of Notary

____
Name of Notary (Typed, Printed or Stamped)
Commission Number (if not legible on seal):____
My Commission Expires (if not legible on seal

JACKSONVILLE PORT AUTHORITY

By:_________________________
Eric Green, Chief Executive Officer

Form Approved (As to JAXPORT)

By:____________________
Office of General Counsel

STATE OF FLORIDA)

COUNTY OF DUVAL)

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this _____ day of _______________, 20______, by ________________________, the _____________ of __________________________, a _____________________________, on behalf of said _________________________ ___________. Such person did not take an oath and: *(notary must check applicable box)*

☐ is/are personally known to me.

☐ produced a current ____________ driver's license as identification.

☐ produced _________________________ as identification.

{Notary Seal must be affixed}

____
Signature of Notary

____
Name of Notary (Typed, Printed or Stamped)
Commission Number (if not legible on seal):____
My Commission Expires (if not legible on seal):__

Attest:	**CITY OF JACKSONVILLE**
____________________________	By:__________________________
James R. McCain, Jr. Corporation Secretary	Donna Deegan, Mayor

Form Approved (As to CITY)

By:____________________
Office of General Counsel

STATE OF FLORIDA)

COUNTY OF DUVAL)

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this _____ day of ______________, 2025, by Donna Deegan and James R. McCain, Jr., as Mayor and Corporation Secretary, respectively, of the City of Jacksonville. Such person did not take an oath and: *(notary must check applicable box)*

☐ is/are personally known to me.

☐ produced a current ____________ driver's license as identification.

☐ produced ________________________ as identification.

{Notary Seal must be affixed}

____
Signature of Notary

____
Name of Notary (Typed, Printed or Stamped)
Commission Number (if not legible on seal):____
My Commission Expires (if not legible on seal):__

GC-#1671119-v5-JAXPORT_-_JEA_-_City_InterlocalAgreement_-_FultonCut_Transmission_Lines.DOCX

Exhibit A

Project Schedule

Unless otherwise agreed to by the Parties, JEA agrees to complete the Project in various phases, spanning multiple fiscal years, using its best efforts to adhere to the following schedule:

Fiscal Year	Description of Work
October 1, 2022- September 30, 2023	Procure Engineering Services. Complete 10% Engineering Design. Perform Initial Site Inspection. Begin Permitting Phase.
October 1, 2023- September 30, 2024	Complete 30% Engineering Design. Start Long Leadtime Material Procurement. Begin Re-design of Westernmost Option.
October 1, 2024- September 30, 2025	Complete 60% Engineering Design. Complete 100% Engineering Design. Provide Final GMP. Complete all Permitting. Complete all Long Leadtime Material Purchases. Complete all Real Estate Acquisitions. Mobilize Construction Services. Prepare Site Access. Begin Installation of Foundations.
October 1, 2025- September 30, 2026	Complete Foundation Installation. Begin and Complete Tower Construction. Begin and Complete all Stringing Activities across the river. Pull Cable and Energize Three Westernmost Circuits. Begin Pulling Cables on Circuit 938.
October 1, 2026- September 30, 2027	Complete all Cable Pulling Activities. Energize Three Easternmost Circuits. Achieve Substantial Completion on or before December 31, 2026.Demolish and Remove Existing Towers. Begin and Complete Site Restoration.

Exhibit B

Payment Schedule

POWERLINE PROJECT FY2025 - FY2027
CASH FLOW PROJECTIONS

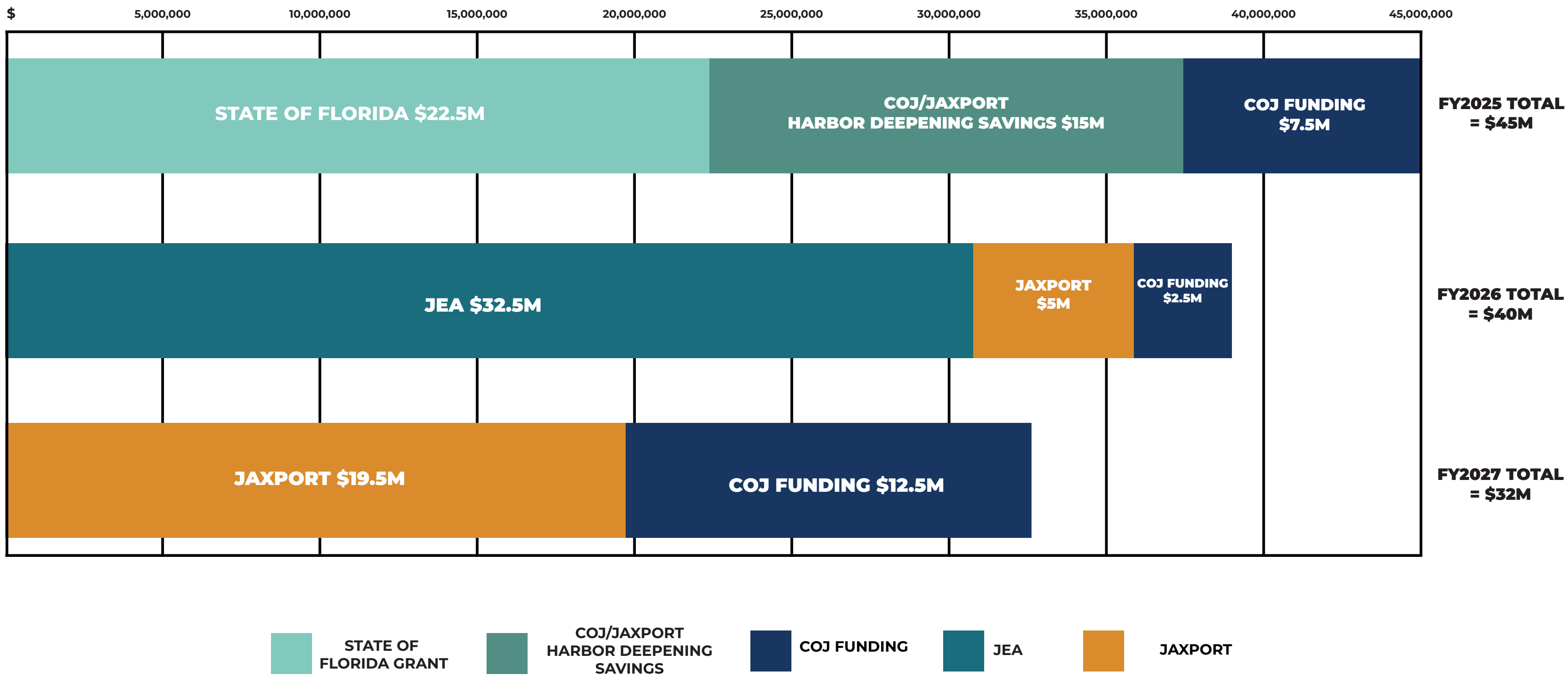

EXHIBIT C

FDOT

STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION
SEAPORT GRANT PROGRAM
PROJECT MONITORING STATUS REPORT

725-085-02
SEAPORT
05/18

INSTRUCTIONS: Seaport Sponsor (AGENCY) or designated representative to complete this form.
NOTE: Seaport Sponsor may supplement this form with their own normal project progress report or SeaCIP Progress Report documents.

SEAPORT NAME: Jacksonville Port Authority	**DATES OF REPORTING PERIOD:** From To	**FDOT FINANCIAL PROJECT NO.:**
PROJECT DESCRIPTION:		
INVOICE ATTACHED: Yes ☐ No ☐ N/A ☐	**SeaCIP PROGRESS REPORT ATTACHED:** Yes ☐ No ☐ N/A ☐	**OTHER PROGRESS REPORT ATTACHED:** Yes ☐ No ☐ N/A ☐
PHOTOS ATTACHED: Yes ☐ No ☐ N/A ☐	**PROJECT NOTICE-TO-PROCEED DATE:**	**ESTIMATED PROJECT COMPLETION DATE:**
TOTAL PROJECT COST (per PTGA):	**GRANT FUNDS EXPENDED TO DATE:**	**GRANT FUNDS REMAINING:**

1. PROJECT STATUS / ESTIMATE OF PERCENT COMPLETE:

2. WORK COMPLETED OR IN PROGRESS THIS PERIOD (use a separate sheet of paper if more space is needed):

3. WORK ANTICIPATED FOR NEXT PERIOD (use a separate sheet of paper if more space is needed):

4. PROBLEM AREAS/OTHER COMMENTS (Plan revisions, changes in specifications, delays, difficulties, etc., and actions taken):

SEAPORT

SEAPORT SPONSOR (AGENCY) OR DESIGNATED REPRESENTATIVE *
I certify that the information provided above is true and correct per the terms of the Public Transportation Grant Agreement.

DATE:	**PRINTED NAME AND TITLE:**	**SIGNATURE:**

* Only Seaport Sponsor or Designated Representative may sign this form. A non-Seaport Sponsor employee (e.g., consultant) cannot sign this form.

FDOT

COMMENTS/NOTES:

VERIFICATION DATE:	**SITE VISIT:** Yes ☐ No ☐ N/A ☐	**DISTRICT SEAPORT COORDINATOR PRINTED NAME:**

DISTRICT SEAPORT COORDINATOR SIGNATURE:

PTGA (Public Transportation Grant Agreement)
Distribution: Project File

FDOT

STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION
SEAPORT GRANT PROGRAM
PROJECT MONITORING STATUS REPORT

725-065-02
SEAPORT
05/18

INSTRUCTIONS: Seaport Sponsor (AGENCY) or designated representative to complete this form.
NOTE: Seaport Sponsor may supplement this form with their own normal project progress report or SeaCIP Progress Report documents.

SEAPORT NAME: Jacksonville Port Authority	**DATES OF REPORTING PERIOD:** From To	**FDOT FINANCIAL PROJECT NO.:**
PROJECT DESCRIPTION:		
INVOICE ATTACHED: Yes☐ No☐ N/A☐	**SeaCIP PROGRESS REPORT ATTACHED:** Yes ☐ No ☐ N/A ☐	**OTHER PROGRESS REPORT ATTACHED:** Yes ☐ No ☐ N/A ☐
PHOTOS ATTACHED: Yes☐ No☐ N/A☐	**PROJECT NOTICE-TO-PROCEED DATE:**	**ESTIMATED PROJECT COMPLETION DATE:**
TOTAL PROJECT COST (per PTGA):	**GRANT FUNDS EXPENDED TO DATE:**	**GRANT FUNDS REMAINING:**

1. PROJECT STATUS / ESTIMATE OF PERCENT COMPLETE:

2. WORK COMPLETED OR IN PROGRESS THIS PERIOD (use a separate sheet of paper if more space is needed):

3. WORK ANTICIPATED FOR NEXT PERIOD (use a separate sheet of paper if more space is needed):

4. PROBLEM AREAS/OTHER COMMENTS (Plan revisions, changes in specifications, delays, difficulties, etc., and actions taken):
None

SEAPORT

SEAPORT SPONSOR (AGENCY) OR DESIGNATED REPRESENTATIVE *
I certify that the information provided above is true and correct per the terms of the Public Transportation Grant Agreement.

DATE:	**PRINTED NAME AND TITLE:**	**SIGNATURE:**

*** Only Seaport Sponsor or Designated Representative may sign this form. A non-Seaport Sponsor employee (e.g., consultant) cannot sign this form.**

FDOT

COMMENTS/NOTES:

VERIFICATION DATE:	**SITE VISIT:** Yes ☐ No ☐ N/A ☐	**DISTRICT SEAPORT COORDINATOR PRINTED NAME:**
DISTRICT SEAPORT COORDINATOR SIGNATURE:		

PTGA (Public Transportation Grant Agreement)
Distribution: Project File

Exhibit D

SCHEDULE OF VALUES
ALTERNATE PLAN - February 11, 2025
JEA FULTON CUT CROSSING RECONFIGURATION

Description	JEA Total
Mobilization / Administration	$6,506,226.07
Engineering Support	$1,635,045.00
Foundation Construction	$21,789,739.02
Access & Matting	$20,216,778.15
Transmission Construction	$39,144,136.99
SUB-TOTAL	**$89,291,925.23**
Performance and Payment Bond	$608,026.00
TOTAL GMP AMOUNT	**$89,899,951.23**
Owner Provided	$25,103,719.36
Existing POs and Costs	$1,996,329.41
TOTAL PROJECT COST	**$117,000,000.00**

BD2025-02-03

SUBMISSION FOR BOARD APPROVAL

SUBJECT: **Seaonus (Blount Island – Breakbulk) Facilities Lease Agreement**

COST: N/A

BUDGETED: N/A

BACKGROUND:

Enstructure, the parent company of longstanding JAXPORT tenants Seaonus and Portus who have operated at JAXPORT since 2001, handles break bulk cargo on 41.9 acres at Talleyrand Terminal, while also handling various cargoes on 5.4 acres at Blount Island. Enstructure will also be operating a 77-acre multi-use facility on Talleyrand, once Southeast Toyota relocates to its new Blount Island facility.

Seaonus is interested in occupying the breakbulk warehouse (240,000 sqft.) at the Blount Island location due to the deep-water draft and would like to execute an agreement for the space prior to the expiration of the current lease with SSA (which is scheduled to expire February 2026). Seaonus and SSA have presented a plan for a seamless transition to ensure break bulk's ongoing operations at the site for the long term.

STATUS:

Seaonus would like to execute a new agreement for the Blount Island warehouse. JAXPORT has negotiated an Agreement commencing March 1, 2025 and terminating February 28, 2035 (10 years). The initial Term of the Agreement may be extended for two (2) additional terms of five (5) years (mutually agreeable). Seaonus guarantees no less than 270,000 tons of cargo each year. The Minimum Annual Guaranteed Revenue is $1.6 million dollars with an adjustment of CPI annually.

RECOMMENDATION:

Management recommends that the Board of Directors approve the new Breakbulk Facilities Lease Agreement with Seaonus and authorize the Chief Executive Officer or his designee, to execute the Agreement between JAXPORT and Seaonus, LLC.

BD2025-02-03

SUBMISSION FOR BOARD APPROVAL

ATTACHMENT:

Facilities Lease Agreement between JAXPORT and Seaonus, LLC.

RECOMMENDED FOR APPROVAL:

Linda Williams
Linda Williams (Feb 12, 2025 11:49 EST)

Linda Williams
Chief Administrative Officer

Signature and Date

SUBMITTED FOR APPROVAL:

Eric B. Green
Eric B. Green (Feb 12, 2025 13:01 EST)

Eric Green
CEO

Signature and Date

BOARD APPROVAL:

February 24, 2025
Meeting Date

Rebecca Dicks/Recording Secretary

ATTEST:

Tom Slater, Secretary

Wendy O. Hamilton, Chair

Facilities Lease Agreement

by and between

Jacksonville Port Authority

and

Seaonus Stevedoring – Jacksonville LLC

dated March ___, 2025

Facilities Lease Agreement

FACILITIES LEASE AGREEMENT

THIS FACILITIES LEASE AGREEMENT (this "Agreement") is made and entered into as of this ___ day of March, 2025, by and between the **JACKSONVILLE PORT AUTHORITY**, a body politic and corporate created and existing under Chapter 2004-465, Laws of Florida, as amended (the "Authority"), and **SEAONUS STEVEDORING – JACKSONVILLE LLC**, a Delaware limited liability company (the "Lessee").

W I T N E S S E T H:

WHEREAS, the Authority is the owner of certain real property and vessel berthing, cargo handling and storage facilities known as the Blount Island Marine Terminal ("Terminal Facilities") located in Jacksonville, Florida and more particularly depicted on **Exhibit A**, hereto (the "Premises"); and

WHEREAS, the Lessee desires to lease property and conduct business operations thereon; and

WHEREAS, the Authority is willing to lease that portion of its Terminal Facilities to the Lessee subject to the terms and conditions contained herein; and

NOW, THEREFORE, for and in consideration of the mutual covenants and benefits herein contained, the Authority and the Lessee do hereby mutually undertake and agree, each for itself and its successors and assigns, as follows:

Article 1.
DEFINITIONS

1.1 Defined Terms.

In addition to terms defined elsewhere in this Agreement, the following words and terms as used in this Agreement and the preambles hereto shall have the following meanings unless the context or use clearly indicates another or different meaning or intent.

"Act" means Chapter 2004-465, Laws of Florida, as amended, and other applicable provisions of law.

"Act of Bankruptcy" means any of the following events:

(a) The Lessee (or any other Person obligated, as guarantor or otherwise, to pay the Premises Rental Fee and Throughput Fees hereunder) shall (1) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the Lessee (or such other Person) or of all or any substantial part of its property, (2) commence a voluntary case under the Bankruptcy Code, or (3) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or

(b) A proceeding or case shall be commenced and not dismissed within ninety (90) days thereafter, without the application or consent of the Lessee (or any other Person obligated, as guarantor or otherwise, to pay the Premises Rental Fee and Throughput Fees hereunder) in any court of competent jurisdiction, seeking (1) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts, of the Lessee (or any such other Person), (2) the appointment of a trustee, receiver, custodian, liquidator or the like of the Lessee (or any such other Person) or of all or any substantial part of its property, or (3) similar relief in respect of the Lessee (or any such other Person) under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts.

"Applicable Environmental Law" shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §§9601 et. seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §§6901 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §§1251 et seq., the Clean Air Act, 42 U.S.C. §§7401 et. seq., Chapters 376 and 403, Fla. Stat., and Chapters 360, 362 and 365, Jacksonville Ordinance Code and the regulations relating thereto, and any other local, state and/or federal laws or regulations whether currently in effect or hereafter enacted that govern (i) the existence, cleanup and/or remedy of contamination on property by a Hazardous Substance; (ii) the protection of the environment from spilled, deposited or otherwise emplaced contamination by a Hazardous Substance; (iii) the control of Hazardous Substances; or (iv) the use, generation, transport, removal or recovery of Hazardous Substances.

"Authority" means the Jacksonville Port Authority, a public body corporate and politic of the State of Florida, created and established pursuant to the Act.

"Bankruptcy Code" means Title 11 of the United States Code, as amended, and any successor statute or statutes having substantially the same function.

"Berthing Area" means that portion of the Terminal Facilities containing the dock facilities where the ships of the Lessee or the Lessee's customers will be loaded and off-loaded.

"City" means the City of Jacksonville, a municipality duly created by and validly existing pursuant to Chapter 92-341, Laws of Florida, as amended.

"Code" means the Internal Revenue Code of 1986, as amended, and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

"Contract Year" means the twelve (12) month period commencing on the Effective Date, and each twelve (12) month period thereafter during the term of this Agreement.

"Effective Date" means [March 1, 2025.]

"Equipment" means all installations, fixtures, personal, and other equipment, including accessions thereto and replacements thereof, required for the operation of the Premises, located on or to be constructed on the Land.

"Hazardous Material Contamination" shall mean the contamination of the improvements, facilities, soil, ground waters, surface waters, river waters, air or of any other property as a result of Hazardous Substances on, under or emanating from the Premises, in excess of applicable State or Federal action levels, including Hazardous Material Contamination on, under or emanating from the Premises to the extent it migrates from the Premises.

"Hazardous Substance" means any substance which at any time shall be listed as "hazardous" or "toxic" in the regulations implementing CERCLA, RCRA, Chapters 376 or 403, Fla. Stat., Chapters 360, 362 or 365, Jacksonville Ordinance Code or which has been or shall be determined at any time by any agency or court to be a hazardous, dangerous or toxic substances regulated under the Applicable Environmental Law, including petroleum. "Hazardous Substance" shall also include source, special nuclear or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. §§3011, et. Seq., as amended).

"Hazardous Substance Release" shall be interpreted in the broadest sense to mean the spilling, discharge, deposit, injection, dumping, emitting, releasing, leaking or placing of any Hazardous Substance into the air or into or upon any land or waters (including, but not limited to, stormwater drains), except as authorized by a then current and valid permit issued under the Applicable Environmental Laws.

"Improvements" means all of those buildings, improvements, structures and related facilities, including accessions thereto and replacements thereof, located on or to be constructed on the Land.

"Land" shall mean the land comprising the site of the Premises, as further described on **Exhibit A** hereto.

"Lessee" has the meaning set forth in the Preamble.

"Person" means any natural person, firm, partnership, association, corporation, limited liability company, public body, or other legal entity.

"Premises" means a certain portion of the Authority's property consisting of the Land and the Improvements, constructed and installed thereon, at the Terminal Facilities, and more particularly described in Exhibit A hereto.

"Short Ton" means a unit of weight of cargo equal to 2,000 pounds.

"Terminal Facilities" means certain vessel berthing, cargo handling and storage facilities known as the Blount Island Marine Terminal located in the City and owned and operated by the Authority.

"Throughput Fees" has the meaning set forth in Section 6.2.

1.2 **Rules of Construction.**

Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The table of contents, captions, and headings herein are for convenience of reference only and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.

(d) All references in this Agreement to particular "Articles" or "Sections" are references to articles or sections of this Agreement, unless otherwise indicated.

Article 2.
GRANT OF PREMISES

Subject to the provisions and conditions hereinafter specified, the Authority hereby leases the Premises to the Lessee during the Term (as defined hereafter) for the uses identified herein.

Article 3.
TERM OF AGREEMENT

3.1 Term.

The initial term of this Agreement shall commence upon the Effective Date and continue for the period of time set forth on **Exhibit B** attached hereto ("Term") unless this Agreement is terminated sooner as provided herein.

3.2 Extension or Renewal.

(a) The Authority and the Lessee agree that the initial Term of this Agreement may be extended for two (2) additional periods of five (5) years if both the Authority and the Lessee mutually agree in writing to such five (5) year extensions before the expiration of the initial Term or renewal Term, as applicable. The renewal options must be requested by the Lessee by written notice to the Authority on or before (60) days prior to the end of the initial Term for the first renewal option, and if applicable on or before (60) days prior to the end of the first renewal term, for the second renewal option. Notwithstanding anything to the contrary herein, The Lessee's exercise of any renewal option is not binding on the Authority, in its sole discretion, if the Lessee is then in an uncured Default.

3.3 Hold Over Period.

In the event this Agreement is terminated or the Term expires, and the Lessee continues to remain in possession of or use or occupy the Premises, such continuation of possession or use shall not renew the Term but shall establish only a tenancy at sufferance between the parties hereto. Except as provided in this Section 3.3, the Lessee's use of the Premises during a tenancy at sufferance shall be governed by all of the provisions and conditions of this Agreement that were in effect immediately prior to termination. The Authority shall have the right at any time during such tenancy to invoke any remedy provided it under Florida law. During such tenancy at sufferance, absent written notice from the Authority to the contrary, all rental and other fees shall be charged at the greater of one hundred fifty percent (150%) of the Authority's then current tariff rates or one hundred fifty percent (150%) of all rental and other fees described herein.

Article 4.
USE OF PREMISES

4.1 **Use.**

(a) The Lessee is authorized to use and occupy the Premises to operate a transient cargo storage and cargo cross-dock facility and to offer the full services of a terminal operator and vessel stevedore and for any lawful purpose consistent with the foregoing (the "Permitted Use"). Transient cargo is defined as cargo that does not generally remain in storage on the Premises for a period greater than ninety (90) days, and includes, for the avoidance of doubt and without limitation, roll-on/roll-off cargo. Terminal operator and vessel stevedore may include, but are not limited to the receipt, storage, handling and delivery of cargo.

(b) The Lessee shall be prohibited from using any portion of the Premises for any purpose not specified in this Agreement, except with the prior written consent of the Authority, which consent may be granted or withheld in the Authority's sole and absolute discretion. Lessee is hereby expressly authorized to use the Premises for breakbulk, forest products, raw materials, containers, project cargo, lift-on/lift-off and roll-on/roll-off cargo. Lessee shall request the Authority's written authorization prior to any use of the Premises for new bulk cargo commodities. The Authority must respond to such request within thirty (30) days, and the Authority's failure to respond within such period shall constitute approval of such request. Once approved, the Lessee may use the Premises for such commodity without further permission. The Authority has the sole and absolute discretion to prohibit any cargo or commodity type that it determines is not in the best interest of the Authority, its employees or invitees for health, safety, or risk concerns.

No rights granted to the Lessee under this Agreement may be exercised in an area of the Terminal Facilities leased to another tenant, except with the prior written consent of the Authority, which consent may be granted or withheld in the Authority's sole and absolute discretion, and such tenant and then those rights may only be exercised subject to the obligations of that tenant under its lease with the Authority.

(c) The Lessee agrees to continuously use the Premises during the Term for the authorized purposes specified in this Section 4.1, to the extent not inhibited by damage or destruction to the Premises, eminent domain or *force majeure* pursuant to Section 10.4, Section 22.12 and Section 22.14, respectively.

4.2 **Representation.**

Neither the Authority nor its members, officers, employees or agents have made any representations or promises whatsoever with respect to the Premises or services to be provided by the Authority in connection with their use, except as expressly set forth herein. The taking of possession of the Premises shall be "as-is" by the Lessee and shall be conclusive evidence that the Premises were in an acceptable and safe condition at the time possession was initially taken by the Lessee regardless of any subsequent claim by the Lessee to the contrary.

Article 5.
APPURTENANT RIGHTS

5.1 **Access to Premises.**

Subject to the terms and conditions of this Agreement, and the common use with other users of the port facilities, the Lessee, its employees, agents and contractors, and its or their suppliers of materials and/or services shall have reasonable ingress to and egress from the Premises over roads, ways and areas ("Access Routes") now or hereafter provided by the Authority for that purpose. Absent emergency circumstances that preclude such ingress and egress, the Lessee shall have twenty-four (24) hours, seven (7) days per week use of the Access Routes for the purpose of accessing the Premises. No vehicle, piece of equipment or machinery shall be left in an inoperable condition or stored in the Access Routes by the Lessee or its agents, contractors, customers or suppliers. At any time, the Authority may close, relocate, reconstruct or modify any or all means of access to the Premises, either temporarily or permanently; provided, that the Authority will use commercially reasonable efforts to locate and provide a suitable alternative means of access for the Lessee. The suitability of such alternative means of access shall be determined by the Authority in its sole and absolute discretion.

5.2 **Common Use.**

Subject to the terms and conditions of this Agreement, the Lessee is hereby also granted the right and privilege to non-exclusive use of all wharf and dock areas of the Terminal Facilities other than the portion constituting the Premises, together with any existing and all future improvements thereto affording common access to all other tenants of the Authority. At all times the Lessee's use of such areas and other improvements affording access shall, without exception, be in common with other users of the Terminal Facilities, as authorized or permitted by the Authority. Such common use of these facilities shall be subject to and utilized in accordance with all applicable federal, state and local laws and ordinances and such reasonable rules and regulations as may be adopted by the Authority for the regulation and control of its Terminal Facilities. The Lessee understands and agrees the Authority will attempt to place Lessee's vessels at of the Authority's wharf and dock areas on a first-come, first-served basis and the Lessee is not granted any exclusive or preferential right to use such areas pursuant to this Agreement. Nothing contained in this Agreement shall prohibit the Authority from barring any person or entity from the Terminal Facilities that fails to comply with such laws, ordinances and rules and regulations. Except as specifically provided for in this Article 5 and Article 4, no other appurtenant or other rights are granted to the Lessee under this Agreement.

5.3 **Dredging.**

The Authority hereby agrees to provide for maintenance dredging for the Berthing Area at no cost to the Lessee.

Article 6.
FEES AND CHARGES

6.1 **Premises Rental Fee:**

As compensation for the use of the Premises, the Lessee agrees to pay rent to the Authority in the amount of the total annual Premises Rental Fee stipulated in **Exhibit B**, payable on a monthly basis.

(a) **Payments:** The monthly installments of the annual Premises Rental Fee shall commence as of the Effective Date and shall be due and payable on the first day of each month in advance and without demand. Failure by the Lessee to pay the Authority the Premises Rental Fee when due each month, if not cured within the time period provided in Section 6.1(b) hereof, shall constitute an event of default as contemplated by Article 21 of this Agreement.

(b) **Late Fee Assessments for Non-Payment of Premises Rental Fee**: A late fee assessment of one and one-half percent (1.5%) per month (assessed on a daily basis at the rate of .000493 per day) on the outstanding balance of the Premises Rental Fee shall be imposed on payments not received by the Authority by the due date. The imposition of a late fee or the Authority's acceptance of a late or partial payment of any installment(s) of the Premises Rental Fee and/or any late fee assessment(s) shall not constitute a waiver of an event of default nor shall it prevent the Authority from exercising any other rights and remedies granted to it under this Agreement or by law. So long as any Premises Rental Fees and/or late fee assessments that are due remain unpaid, Lessee shall remain in default as defined in Article 21 and shall be obligated to pay all such fees and assessments even if the Authority has accepted a partial or late payment of such fees and assessments.

(c) **Proration of Rent**: If this Agreement commences on any day other than the first day of the month, or terminates on any day other than the last day of the month, the monthly installment of the annual Premises Rental Fee will be prorated by the Authority in proportion to the actual number of days the Lessee occupied the Premises during that month.

(d) **Adjustments to Premises Rental Fee**:

The Premises Rental Fee stipulated in **Exhibit B** shall be adjusted each year as provided for in **Exhibit B**.

Adjustment of the Premises Rental Fee described in **Exhibit B** shall apply without the necessity of formal amendment of this Agreement as contemplated in Section 22.3.

6.2 **Throughput Fees:**

(a) The Lessee shall pay the Authority Throughput Fees as set forth on **Exhibit B** on all cargo handled by the Lessee on the Premises or delivered by Lessee to other companies located on the Terminal Facilities under contract with the Lessee for transportation of their cargoes. Throughput Fees shall be assessed on all such cargo unloaded from a vessel to the Premises by Lessee or other companies located on the Terminal Facilities under contract with the Lessee for transportation of their cargoes across the Terminal Facilities or loaded to a vessel from the Premises. Throughput Fees shall also be assessed on all cargo received by truck or rail to the Premises that is delivered from the Premises by truck or rail. Assessment of the Throughput Fees stipulated in **Exhibit B** shall begin on the Effective Date and thereafter shall be invoiced to the Lessee and paid by the Lessee in accordance with the procedures established in the Authority's published tariff or its reissue.

(b) Throughput Fees shall be paid by the Lessee to the Authority within thirty (30) days after an invoice for such has been delivered to Lessee, or deposited in the U.S. Mail or with a nationally recognized overnight carrier and sent to the address set forth in Section 22.6. A late fee assessment of one and one-half percent (1.5%) per month (assessed on a daily basis at the rate of .000493 per day) on the outstanding balance of Throughput Fees shall be imposed on payments not received by the Authority by the end of such thirty (30) day period. Late fee assessments will be calculated beginning on the date that is thirty (30) days after the Authority's delivery of said invoice.

(c) Notwithstanding anything to the contrary herein, the total amount of Throughput Fees to be paid by the Lessee to the Authority in any given year during the Term shall be calculated as described in **Exhibit B**.

6.3 **Record Keeping and Reports.**

Within five (5) business days after a vessel calling the Premises completes work, the Lessee or the vessel agent, as applicable, shall provide the Authority with an activity report citing the number of Short Tons, that were received from or delivered to the Premises from that vessel. These documents shall be signed by an authorized representative of the Lessee or vessel agent, as applicable, certifying the accuracy of the count. In addition, the Lessee shall provide to the Authority a duplicate of (i) the vessel manifest for that vessel as reported to U. S. Customs, or (ii) the final vessel manifest for that vessel provided to the Lessee for U.S. domestic transport, if available. These documents shall then be utilized for verifying and calculating the Throughput Fees due the Authority by the Lessee.

6.4 **Security Fees.**

Security fees are charged to the vessel owner or agent and shall be assessed and paid in accordance with the rates and procedures established in the Authority's published tariff or its reissue.

6.5 **Other Fees and Charges.**

Any other fees and charges due and payable to the Authority for other services rendered to the Lessee shall be assessed as stipulated in **Exhibit B**.

6.6 **Delinquent Fees.**

Delinquent fees for nonpayment of fees and charges, if not otherwise provided for herein, shall be assessed and handled in accordance with the Authority's published tariff or its reissue.

6.7 **Books of Account and Auditing.**

(a) The Lessee shall maintain, in the manner performed in the ordinary course of business as a responsible marine terminal operator, true and complete records and accounts of all cargo handled by it pursuant to its operations on the Premises or other areas and shall provide to the Authority at the Lessee's office on the Premises those records which are reasonably necessary for the Authority to confirm the Lessee's obligations under this Agreement.

(b) The Authority shall have the right at any time upon prior written notice to Lessee to audit all of the records of the Lessee relating to all of its business transactions pursuant to this Agreement as reasonably necessary for the Authority to confirm Lessee's obligations under this Agreement. Upon request and reasonable notice to Lessee, the Lessee agrees to provide the Authority access on the Premises during reasonable business hours and at the Lessee's option, accompanied by a representative of the Lessee, in order to inspect the Lessee's books and records, and the Lessee agrees that throughout the entire Term that it will keep and preserve all documented evidence of such cargo information for at least three (3) years subsequent to the date that the cargo was handled on the Premises. The Authority's right to audit Lessee's books and records hereunder shall be limited to one audit per calendar year, and the Authority shall not have the right to audit Lessee's books and records more than once for any one fiscal year; provided, however, no such limitation shall apply during an Event of Default pursuant to Article 21 hereof.

(c) If the result of any audit by the Authority establishes that the volume of cargo handled by the Lessee has been understated by five percent (5%) or more, the entire expense of the audit shall be borne by the Lessee.

(d) Additional monies due as a result of any audit or annual reconciliation shall be paid within thirty (30) days of date of the Authority's invoice. The Authority shall provide the Lessee with written documentation in support of any sums due the Authority by the Lessee as a result of any audit. If it is determined that the Lessee has made excess payments, the Authority will within thirty (30) days of date of invoice credit any such excess to the Lessee's account.

(e) Should the annual reconciliation or any audit reveal that the Lessee has understated the volume of cargo handled, the Lessee does not dispute such conclusion, and the Lessee does not make restitution within thirty (30) days from the date of receipt of written notice from the Authority, then the Authority may terminate this Agreement, solely at its option, by written notice to the Lessee.

6.8 **Payment of Fees.**

The Lessee's obligation to pay any fees and charges owed to Authority assessed in connection with this Agreement is a separate and independent covenant and agreement, and the breach of any provision of this Agreement by Authority shall not discharge or relieve the Lessee from the Lessee's obligation to timely pay such amounts due. All charges and fees to be paid by the Lessee hereunder shall be paid when due, without notice or demand, except as expressly provided for herein, and shall be absolute and unconditional and without any set-off, counterclaim, abatement, deduction or defense (other than payment) whatsoever.

6.9 **Net Lease.**

Notwithstanding anything contained herein to the contrary, the parties agree that this Agreement shall be construed as a "triple net lease" whereby the Lessee shall be solely responsible for any expense or cost relating to the Premises, this Agreement or the Lessee's use of the Premises during the Term of this Agreement, including, without limitation, taxes (ad valorem and personal property taxes, sales or use taxes, or otherwise); insurance (as described herein); utilities; repairs, replacement and maintenance of the Improvements; and security requirements.

The taking of possession of the Premises shall be "as-is" by the Lessee and shall be conclusive evidence that the Premises were in an acceptable and safe condition at the time possession was initially taken by the Lessee regardless of any subsequent claim by the Lessee to the contrary.

Article 7.
UTILITIES AND OTHER SERVICES

7.1 **Utility Charges.**

The Lessee shall be responsible for procuring all utility services including, but not limited to exterior lighting, necessary for its operation on the Premises and shall be responsible for promptly paying those persons or entities furnishing or providing it with these services. Such utility services may include, but are not necessarily limited to, water service, sewer service, electrical service, gas service, fuel, janitorial service, trash removal service, data communication service and telephone service. The Lessee shall be responsible for paying one hundred (100%) percent of the electrical expense during each year of the Agreement. The Authority shall be responsible for the provision and maintenance of all electrical, water and waste water supply and distribution lines connecting to the meters on the Premises. Lessee shall bear the responsibility for the maintenance of all such supply and distribution lines located on its side of those meters.

7.2 **Utility Line Easements.**

Subject to the giving of prior written notice to the Lessee, the Authority reserves to itself and others the right to locate, relocate, construct, install, repair, operate, replace and maintain sewers and utilities upon and across the Premises at locations which do not unreasonably interfere with the Lessee's use of the Premises. The Authority also reserves to itself and others the right to maintain existing utilities and other facilities.

Article 8.
TAXES AND ASSESSMENTS

8.1 **Payment of Taxes and Assessments.**

During the Term, the Lessee agrees that it shall pay on or before the last day on which payment may be made without penalty or interest, all lawful taxes, assessments and other user fees, however named, specifically including any ad valorem tax, which may become a lien upon or which may be charged, assessed, imposed, or levied by the State of Florida, Duval County, the City of Jacksonville, any district or other governmental body upon the Premises or arise in connection with the Lessee's occupancy or use thereof or upon any taxable interest of the Lessee acquired in this Agreement, or any taxable possessory right that the Lessee may have in or to the Premises occurring as a result of its occupancy thereof. The Lessee recognizes and agrees that the Premises are exempt from ad valorem taxes and other taxes unless leased by the Authority to an entity like the Lessee that is subject to such taxation. In the event of any change in Florida law relating to the taxation of property, the Lessee agrees that it shall pay the entire amount of any taxes imposed on the Premises levied as a result of such change commencing with the first tax year such taxes are due and thereafter annually throughout the Term. None of the provisions, covenants or conditions of this Agreement shall constitute or be construed to be a release or waiver on the part of any lawfully empowered taxing authority of its right or obligation to assess, levy and collect from the Lessee any license, personal, intangible, occupation, ad valorem or other tax which shall be lawfully imposed on the business or property of the Lessee, or upon the Premises. The Authority agrees that it will provide any information currently in its possession relating to the valuation of the Premises for tax assessment purposes if requested to do so by the Lessee. The Lessee shall be responsible for any sales taxes imposed on the Lessee, this Agreement, or on the payments hereunder by the laws of the State of Florida. The Lessee shall reimburse the Authority for any stormwater and/or solid waste fees or any other user fee or assessments paid by the Authority in connection with the Premises.

Article 9.
INDEMNIFICATION

9.1 **Indemnification/Hold Harmless of the Authority.**

(a) The Lessee hereby agrees that it shall protect, indemnify, defend and hold the Authority harmless from and against any and all claims, actions, demands, losses, penalties, costs, causes of action, expenses, including reasonable attorney's fees and expenses, liabilities, settlements, judgments and damages of whatsoever kind of nature, whether prosecuted by the Lessee or third parties, resulting from any act, action, or omission, including, but not limited to, personal injuries including death, property damage or any other loss arising out of, incidental to or in any way connected to the Lessee's activities on or its use and occupation of the Premises and/or the Terminal Facilities; any act of the Lessee or any of its agents, contractors, or licensees, including any claim, action, demand, loss, penalty, cost, expense, liability, settlement, judgment, damage or injury occasioned by the escape, discharge, dispersal, release, seepage, leakage or spillage of any Hazardous Substance used or handled by the Lessee, including the acts of its agents, employees, contractors and subcontractors, except to the extent such claim, action, demand, loss, liability, damage or injury results from the gross negligence or willful misconduct of the Authority. Each party shall give to the other party notice of any claim made or suit instituted that, in any way, affects the other party or its insurers. The Lessee and/or its insurers shall have the right to compromise and defend the same to the extent of their own interest. For purposes of this Article 9, the term "Authority," as it relates to parties for whose actions the Authority is responsible, shall include its governing board, officers, employees, agents, contractors, subcontractors, licensees, and assigns and the term "Lessee," as it relates to parties for whose actions the Lessee is responsible, shall include its subsidiaries, guests, invitees, contractors, subcontractors, agents, employees, subtenants, licensees and assigns. In any and all claims or demands against the Authority by any employee of the Lessee or any of the Lessee's contractors, subcontractors or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the indemnification obligations under this Article 9 shall not be restricted or reduced by any limitation on the amount or type of the damages, compensation or benefits payable by or for the Lessee or any of the Lessee's subcontractors under Worker's Compensation Acts, Disability Acts or other employee benefits laws.

(b) If any claim, action or proceeding is made or brought against the Authority against which the Authority is indemnified pursuant to this Section 9.1 or any other provision of this Agreement, then, the Lessee, at its sole cost and expense, shall diligently resist or defend such claim, action or proceeding in the Authority's name. The foregoing notwithstanding, the Authority may engage its own attorneys, at the sole cost and expense of the Lessee, to defend it or to assist in its defense.

(c) When a claim is caused by the joint negligence of the Lessee and the Authority, the Lessee's duty to protect, indemnify, defend and hold the Authority harmless shall be in proportion to the Lessee's allocable share of the joint negligence.

(d) The provisions of this Section 9.1 shall survive the expiration or termination of the Term as such provisions may relate to any claim or demand that arose during the time this Agreement was in force and effect.

9.2 **Environmental Indemnification.**

(a) The Lessee hereby agrees that it shall indemnify, defend and hold the Authority harmless against any and all claims, actions, injuries, demands, losses, liabilities, penalties, costs, expenses and damages incurred by the Authority arising as a result of the Lessee's activities on or its use and occupation of the Premises or the Terminal Facilities that are in violation of any Applicable Environmental Laws or that lead to an environmental claim or penalty against the Authority. Authority hereby agrees that it shall indemnify, defend and hold the Lessee harmless against any and all claims, actions, demands, losses, penalties, costs, expenses, liabilities, settlements, judgments, damages or injuries to the extent incurred in connection with or arising from the presence of Hazardous Substances introduced in, on, under, or about the Premises (i) as a result of the actions of the Authority whether in the past, present, or as a result of future contamination or (ii) prior to the Effective Date (whether or not discovered before the execution of this Lease). In the event the joint acts or omissions of the Authority and the Lessee should give rise to any environmental claim, action, injury, demand, loss, liability, penalty, cost, expense or damage, the responsibility for such environmental liability shall be apportioned according to each party's pro rata share of the entire liability. In determining the pro rata share of each party in the entire liability, their relative degrees of fault shall be the basis for allocation of liability. The principles of equity applicable to contribution generally shall apply. Each party shall give to the other party notice of any claim made or suit instituted that, in any way, affects the other party or its insurers. The Lessee or its insurers shall have the right to compromise and defend the same to the extent of their own interest. Any final judgment rendered against the Authority for any cause for which the Lessee is liable under this Agreement shall be conclusive against the Lessee as to liability and amount. For purposes of this Article 9, the term "Authority," as it relates to parties for whose actions the Authority is responsible, shall include its governing board, officers, employees, agents, contractors, subcontractors, licensees, and assigns and the term "Lessee," as it relates to parties for whose actions the Lessee is responsible, shall include its subsidiaries, contractors, subcontractors, agents, employees, subtenants, licensees, guests, invitees, and assigns.

(b) The provisions of this Section 9.2 shall survive the expiration or termination of the Term as such provisions may relate to any environmental claim or demand that arose during the time this Agreement was in force and effect.

Article 10.
INSURANCE

10.1 **Procurement and Maintenance of Insurance.**

Throughout the Term, without limiting its liability, or the sovereign immunity of the Authority under Section 768.28, Florida Statutes and other sovereign immunity limitations of applicable law, the Lessee shall procure and maintain, at its sole cost and expense, insurance policies of the type and with the minimum limits as stipulated in **Exhibit C**. The insurance policies must be issued by a company or companies meeting the following criteria (the "Insurer Criteria"): (i) such company or companies shall be either (a) authorized to do business in the State of Florida or (b) an eligible surplus lines insurer under Florida laws; and (ii) such company or companies shall have a Best's Rating of "A-" or better and a Financial Size Category of "VI" or better, according to the latest edition of Best's Key Rating Guide, published by A.M. Best Company. If, during this period when an insurer is providing the insurance as required by this Agreement, an insurer shall fail to comply with the Insurer Criteria, as soon as the Lessee has knowledge of any such failure, the Lessee shall immediately notify the Authority and replace the insurance provided by the insurer with an insurer meeting Insurer Criteria within thirty (30) business days.

This insurance must insure the Lessee and the Authority against all liabilities for death, injuries or damages arising out of or in connection with the Lessee's use and occupancy of the Premises and/or the Terminal Facilities or the Lessee's business operation conducted thereon. The Lessee must also procure and maintain in force, throughout the Term, fire and extended coverage on all Lessee's Equipment and Improvements in the amount of their full insurable value naming both the Authority and the Lessee as insureds, including all of the Authority's equipment when under the care, custody and control of Lessee. The Lessee shall furnish to the Authority certificates evidencing such insurance, naming and endorsing the Authority as an additional insured under the Lessee's Commercial General Liability Coverage, Automobile Liability, Marine General Liability, and Umbrella Liability and Loss payee under Property coverage covering the Authority's buildings and equipment while in Lessees care, custody and control. Certificates or binders evidencing the existence thereof, all in such form as the Authority's risk manager may require, shall be delivered to the risk manager upon the execution of this Agreement. Each such Liability, Property, or Inland Marine policy or certificate shall contain a valid provision or endorsement stating that:

> "The Jacksonville Port Authority ("Authority"), Board members, officers, employees and agents of the Authority are additional insureds or loss payee on this Policy."
>
> "Insurers or Lessee will endeavor to give sixty (60) days written notice in advance of cancelation or material change or alteration to the policy to the Risk Manager, Jacksonville Port Authority, P.O. Box 3005, Jacksonville, Florida 32206."

10.2 **Review and Adjustment of Insurance.**

The insurance requirements stipulated on **Exhibit C** shall be subject to periodic review and adjustment by the Authority to ensure compliance with current industry standards. Reasonable adjustment of insurance requirements shall apply without the necessity of formal amendment of this Agreement.

10.3 **Authority's Insurance.**

The Authority is a body politic and corporate chartered by the State of Florida, and as such, is subject to the provisions of Section 768.28, Florida Statutes. Accordingly, the Authority maintains a program of self-insurance that will respond to any liability of the Authority arising under this Agreement. The Lessee understands that the Authority's self insurance coverage will not cover physical damage, theft or other loss of the cargo or property or equipment of the Lessee stored or used on the Premises except and only to the extent such loss or damage is caused by the negligence of the Authority. It is incumbent upon the Lessee to carry and maintain such types and amounts of insurance it deems necessary to fully protect its own cargo, property and equipment, and the Authority's property and equipment while in the Lessees care, custody, and control.

10.4 **Damage or Destruction.**

(a) If the Premises and/or Terminal Facilities are damaged as a result of fault of the Lessee or the Lessee's servants, employees, guests, invitees, agents, visitors, licensees, subsidiaries, contractors, subcontractors, subtenants or assigns, the Lessee shall pay all costs of repair necessary to restore the Premises and/or the Terminal Facilities to the condition existing before the damage occurred, and there shall be no abatement of Premises Rental Fees, Throughput Fees, fees and charges set forth in **Exhibit B**, or the real property taxes during the time such repair is in progress. The Authority shall have no obligation or duty to make repairs or do restoration.

(b) If the Premises and/or Terminal Facilities are damaged as a result of fault of the Authority or the Authority's servants, employees, guests, invitees, agents, visitors, licensees, subsidiaries, contractors, subcontractors, subtenants or assigns, the Authority shall pay all costs of repair necessary to restore the Premises and/or the Terminal Facilities to the condition existing before the damage occurred, and there shall be an abatement of Premises Rental Fees, Throughput Fees, fees and charges set forth in **Exhibit B** during the time such repair is in progress.

(c) If the Premises and/or Berthing Area, excluding those improvements owned by the Lessee, should be damaged or become unusable or otherwise inaccessible as a result of fire or other casualty, or other cause not caused by the gross negligence or willful misconduct of the Authority, the Authority may elect whether to restore and repair the Premises and/or Berthing Area to substantially the same condition it was in prior to such damage. The Lessee shall be entitled to prorated rent abatement for any portion of the Premises that is unusable or inaccessible for more than sixty (60) days. If the Authority elects to not restore and repair the Premises and/or the Berthing Area, then the Lessee may terminate the Agreement.

(d) The Lessee shall immediately notify Authority in case of any damage by fire, flood, windstorm, the elements or other cause.

Article 11.
RELOCATION OF LESSEE

Authority reserves the right to require the Lessee to relocate all or a part of the Lessee's operations on the Premises to another location on the Authority's Terminal Facilities reasonably suitable for Lessee's business (which must include, for avoidance of doubt, comparable wharf access and warehousing) during the Term, any renewal term or holdover of this Agreement. The determination of such necessity is to be determined exclusively by the Authority at its sole discretion. The Authority shall pay the reasonable costs of any such relocation (including, e.g., the cost of building comparable warehousing), and the relocation shall not require Lessee to suspend its operations for more than thirty (30) days.

Article 12.
MAINTENANCE AND REPAIRS

12.1 **Maintenance and Repairs.**

During the Term the Lessee shall perform all maintenance, repairs, and replacements on the Premises at its sole cost and expense. The Lessee shall keep the Premises and any improvements located thereon in a good and clean state of repair and preservation, making all necessary and proper replacements and repairs including, but not limited to, replacing all light bulbs, cleaning light fixture lenses, and performing all ballast maintenance on lights on the Premises. This includes repairing or replacing structures damaged during the term of this Agreement. Replacement of structures damaged by Lessee, its agents, subsidiaries, guests, invitees, contractors, subcontractors, employees, subtenants, licensees and assigns, i.e. rolling doors, dock bumpers, etc. must be of a quality that meets or exceeds the quality of the damaged structure and must be approved by the Authority. If replacement of any structures or equipment is necessary and the Authority determines that the damage leading to the need for such replacement was not caused by the Lessee, but was caused by the age of the structure or equipment, then the Lessee and the Authority will meet to discuss the replacement of said item and possible cost sharing for the replacement.

The accumulation of trash, discarded equipment or parts on the Premises and adjoining road rights-of-way, shall be prohibited and the Lessee must maintain a trash and waste disposal service for the Premises. The Lessee shall provide, at its own cost, such custodial and housekeeping services for the Premises as it may desire.

Damage to asphalt within Lessee's leasehold by disposal of machinery oil or lubricants, whether accidental or as part of cleaning equipment, must be reported immediately to the Authority. Lessee is responsible for removing and repairing contaminated asphalt as quickly as possible. Lessee will ensure all stormwater grates are kept clean of trash and weeds to ensure proper drainage of leased property and that oils and contaminants are not allowed to enter these drains. Lessee shall also perform all routine maintenance on any and all HVAC units within the Lessee's facility. This includes periodic servicing per manufacturers' recommendations and the purchase and changing of HVAC filters by the Lessee.

12.2 **Authority's Inspection and Entry Rights Relating to Maintenance and Repairs.**

The authorized representatives of the Authority shall have the right at all reasonable times and upon reasonable notice, during normal working hours or at any time without notice in case of an emergency, to enter upon the Premises and at the Lessee's option, shall be accompanied by a representative of the Lessee, for the following purposes:

(a) To inspect the Premises to determine whether the Lessee has complied and is complying with the provisions and conditions of this Agreement. This right of inspection reserved to the Authority imposes no obligation on the Authority to make inspections to ascertain the condition of repair or preservation of the Premises or the improvements thereon and imposes no liability upon the Authority for failure to make such inspections.

(b) To perform maintenance and make repairs and replacements in any case where the Lessee is so obligated and has failed to do so within ten (10) days after receipt of written notice from the Authority to act. The entire cost of said repair, maintenance and replacement, plus fifteen percent (15%) in administrative costs, shall be paid by the Lessee to the Authority within thirty (30) days from the date of the Authority's invoice.

(c) To perform any emergency repairs deemed necessary by the Authority to eliminate any dangerous condition to which the Lessee does not immediately respond or for which immediate repairs are required under the circumstances. The entire cost of such repair, maintenance and replacement, plus fifteen percent (15%) in administrative costs, shall be paid by the Lessee to the Authority within thirty (30) days of the date of the Authority's invoice.

12.3 **Effect of Entry.**

No method of entry authorized herein and made by the Authority shall cause or constitute grounds for the termination of this Agreement by the Lessee or be deemed to constitute an interference with the Lessee's possession or use of the Premises.

Article 13.
ALTERATIONS AND IMPROVEMENTS

13.1 **Consent Required.**

Except for routine maintenance provided for in Section 12.1, the Lessee shall not make any improvement to the Premises or alteration to any improvement located thereon without having first obtained the written consent of the Authority. Should the Lessee desire to make such alterations or improvements to the Premises or any improvement located thereon, the Lessee shall present its request to the Authority in writing, together with plans and specifications for construction of the proposed improvement or alteration. The Lessee may only commence construction upon receipt of the Authority's written Notice to Proceed.

13.2 **Indemnification.**

The Lessee shall indemnify and save Authority harmless from all loss, damage or liability of any kind or nature by reason of or resulting from Lessee's making any alterations, additions or improvements to the Premises. Except as otherwise expressly provided for herein, any alterations, additions or improvements excluding personal property, furniture, trade fixtures, and other movable property not attached to the Premises, made by the Lessee to the Premises shall become and remain the property of the Authority at the termination of this Agreement or at the time Lessee surrenders occupancy of the Premises. At its option, the Authority may, however, require the Lessee to remove or cause to be removed any such alterations, additions or improvements and restore the Premises to the condition existing at the date of the commencement of the Term of this Agreement, ordinary wear and tear excepted.

13.3 **"As Builts" to be Provided.**

After construction of any permanent additions, alterations, or improvements is completed, the Lessee shall promptly provide a set of as-built drawings to the Authority at no cost to the Authority.

Article 14.
ASSIGNMENT, SUBLETTING AND TRANSFER

The Lessee shall not assign or otherwise transfer any of the rights granted to it by this Agreement, nor shall the Lessee sublease, assign or otherwise transfer any interest in or to the Premises or any improvement located thereon to any third party without the prior written consent of the Authority, which consent may be granted or withheld in the Authority's sole and absolute discretion. Any change in Lessee's ownership involving the transfer of shares comprising twenty-five percent (25%) or more of the Lessee's outstanding voting shares shall be considered a change in ownership which shall require written approval of the Authority for continuation of this Agreement. Such approval shall be given at the sole discretion of the Authority regardless of any other provision of this Agreement to the contrary. No assignment, sublease or transfer will release the Lessee from any of its obligations or responsibilities under this Agreement unless the Authority grants the Lessee a release in writing.

Article 15.
NO INDIVIDUAL LIABILITY

No appointed member of the Authority, or officer, agent, director or employee of either party hereto shall be held contractually or personally liable under this Agreement because of any breach of the Agreement or because of its execution or attempted execution by such individual.

Article 16.
LAWS, ORDINANCES, RULES AND REGULATIONS TO BE OBSERVED

16.1 **Unauthorized Use:**

The Lessee shall not use or permit the use of the Premises or the Terminal Facilities for any purposes not authorized by this Agreement.

16.2 **Unlawful or Hazardous Use Prohibited.**

The Lessee shall not use or occupy the Premises or permit it to be used or occupied for any unlawful purpose or for any purpose not contemplated by Article 4 that is reasonably determined by the Authority to be hazardous.

16.3 **Compliance with the Law**.

The Lessee shall comply with and shall cause its officers, employees, agents, invitees, guests, contractors and any other persons over whom it has control (including, but not limited to all persons invited or welcomed by the Lessee for any purpose) to comply with all applicable municipal, state and federal laws, ordinances, and rules and regulations, including, but not limited to, those adopted by the United States Occupational Safety and Health Administration, United States Customs and Border Protection, United States Coast Guard, United States Environmental Protection Agency, Florida Department of Environmental Protection, Florida Department of Natural Resources, Florida Department of Transportation and United States Department of Transportation, and the Florida Department of Highway Safety and Motor Vehicles, Florida Department of Law Enforcement, Florida Department of Transportation Office of Motor Carrier Compliance, and the Jacksonville Port Authority Security Division. The Lessee shall also ensure compliance with the Oil Pollution Act of 1990, 33 C.F.R. Part 105, Section 311.12 Florida Statutes, the Authority's rules and regulations governing the use of its Terminal Facilities by its tenants including the Authority's Seaport Security Plan adopted in accordance with 33 C.F.R. Part 105 and Section 311.12 Florida Statutes, and the Authority's published tariff or its reissue. In the event any municipal, state or federal agency implements any law, ordinance, statute, rule or regulation requiring the Authority**,** as the Terminal Facilities owner, to perform any protective or preventative operating function, it shall be the responsibility of the Lessee to perform these functions at its expense, provided that the necessity of such function or functions is due to the presence of Lessee's operation on the Premises and/or the Terminal Facilities.

Lessee shall grant unimpeded access to its leased areas to the Florida Department of Law Enforcement, as well as Authority and its assigned agents, to include Authority's security personnel, security contractors, and when directed, Jacksonville Sheriff's officers to carry out routine and unannounced inspections of the Premises for compliance with Section 311.12, Florida Statutes and the Maritime Transportation Security Act. Additionally, the Authority's Director of Security or his or her designee will function as the incident commander during man-made or natural disasters or incidents occurring on the Authority's property in accordance with its approved Section 311.12, Florida Statutes and 33 C.F.R. Part 105 security plans. The Authority will retain full authority during any and all emergency situations to take such actions deemed necessary to ensure the safety and security of public seaport property and personnel.

16.4 **Permits and Licenses**.

The Lessee shall be responsible for obtaining all local, state and federal permits, approvals, and/or licenses as may be necessary for it to operate the Premises according to the terms of this Agreement. The Lessee shall maintain, in accordance with applicable law, permits, approvals and licenses it has obtained throughout the Term and shall submit copies to the Authority if requested to do so, at no cost to the Authority.

16.5 **Fines or Penalties**.

The Lessee will defend, hold harmless and reimburse the Authority for any fine or penalty assessed against the Authority that is imposed as a result of the Lessee's failure to comply with any law, ordinance, rule or regulation.

16.6 **<u>Inspection of Premises to Verify Compliance</u>.**

The authorized representatives of the Authority shall have the right, at all reasonable times and upon reasonable advance notice, during normal working hours, to enter upon any part of the Premises and at the Lessee's option, accompanied by a representative of the Lessee, to verify the Lessee's compliance with applicable laws and regulations and with the provisions and conditions of this Agreement. The authorized representatives of the Authority shall have the right to enter upon any part of the Premises at any time without notice in the case of emergency.

16.7 **<u>Other Rules and Regulations</u>.**

Unless stated otherwise in this Agreement, all rules and regulations stipulated in Authority's published tariff or its reissue shall apply to operations on the Premises and Terminal Facilities.

Article 17.
ENVIRONMENTAL MANAGEMENT, COMPLIANCE AND RESPONSIBILITY

17.1 **<u>General Environmental Obligations of the Lessee</u>.**

The Lessee shall:

(a) maintain the Premises in compliance in all material respects with any Applicable Environmental Law and be responsible for making any notification or report required to be made under such law concerning the Premises to the designated governmental authority;

(b) obtain and maintain in full force and effect all material governmental approvals required by any Applicable Environmental Law for operations on the Premises;

(c) expeditiously cure at its expense and to the reasonable satisfaction of the Authority any material violation of Applicable Environmental Law at the Premises and/or Terminal Facilities, at Lessee's sole cost and expense, to the extent such violation is attributable to events or conditions that arose from Lessee's operations on the Premises and/or the Terminal Facilities on or after the Effective Date;

(d) not create or operate at the Premises and/or the Terminal Facilities any (i) landfill or dump or (ii) hazardous waste facility or solid waste disposal facility as defined pursuant to RCRA or comparable state or local law; provided, however that Lessee shall be permitted to temporarily hold or transport materials in connection with providing terminal services allowable as a permitted use under Article 4 and permitted by applicable law; and

(e) except as permitted in (d)(i) above, not manufacture, use, generate, transport, store, release, dispose of or handle any Hazardous Substance at the Premises and/or Terminal Facilities except in the ordinary course of business as of the Effective Date, except in *de minimis* amounts, in compliance with Applicable Environmental Law, without the prior written permission of the Authority or if permitted under the Authority tariff or its reissue.

17.2 **Fueling and Maintenance Areas.**

In the event the Premises contains a site designated for maintenance and fueling of vehicles, equipment or containers, the Lessee shall maintain, or cause such site to be maintained, in a safe and orderly manner in compliance with applicable law. The Lessee shall allow no material discharge or leakage of Hazardous Substances (including petroleum and petroleum products) on the Premises, nor any *de minimis* discharge or leakage which, when combined with other discharges or leakages would qualify as a material discharge or leakage. Any above ground fuel tanks or mobile tanks that may be installed or used on the Premises shall be protected and operated in compliance with all Applicable Environmental Laws and in accordance with this Article 17.

17.3 **Remediation of Environmental Damage.**

Lessee, at its sole cost and expense, shall expeditiously conduct or cause to be conducted to the reasonable satisfaction of the Authority and in accordance with any Applicable Environmental Law any response or action necessary to remove, remediate, clean up, or abate any material Hazardous Substance Release, threatened Release, or disposal of Hazardous Substances not permitted under applicable law to the extent such response action is attributable to the use or occupancy of the Premises by Lessee or its employees, agents, contractors, licensees, subtenants, or invitees. Lessee shall be responsible for the remediation of any contamination to the environment caused by any Hazardous Substance Release resulting from operations of Lessee or its employees, agents, contractors, licensees, subtenants or invitees conducted on the Premises and/or the Terminal Facilities during the Term (or that occurs during any period of holding over as contemplated by Section 3.3), or that occurred through no fault of the Authority or its agents, at any time after Lessee's initial occupancy of the Premises, including without limitation, the payment of all investigative, clean up or restoration costs associated therewith.

Notwithstanding the foregoing, except to the extent caused by Lessee or its employees, agents, contractors, licensees, subtenants, or invitees, Lessee shall not be responsible for any costs or expenses related to the compliance of the Premises with any Applicable Environmental Law and/or the monitoring, testing, removal, cleaning, abatement, or remediation of any Hazardous Substances on, under or about the Premises, including, without limitation, Hazardous Substances in the ground water or soil present on or before the Effective Date or caused by the acts or omissions of the Authority or any other person, agent, employee, invitee, or entity.

The Authority shall be responsible for remediation of any material Hazardous Substance Release or disposal of Hazardous Substances not permitted under applicable law to the extent such response action is attributable to (i) events or conditions that existed before the Effective Date,(ii) the use or occupancy of the Premises by the Authority or its invitees, or (iii) caused by any tenants of the Authority other than by Lessee or any party using or occupying the Premises with the Lessee's permissions, including, but not limited to sub-lessees.

17.4 **Lessee's Duty to Report; Authority's Right of Entry:**

The Lessee shall give immediate oral and written notice to the Authority upon receiving notice of the occurrence of any event involving an emission, spill, release, or discharge of a reportable quantity, or any quantity, which when combined with any prior emission, spill, release or discharge becomes a reportable quantity (as required by Applicable Environmental Law) of a Hazardous Substance into or upon (i) the air, (ii) soils or any improvements located thereon, (iii) surface water, river water, or groundwater, or (iv) the sewer, septic system, stormwater system, or waste treatment, storage or disposal system serving the Premises. The Lessee shall also immediately report and submit a written notice to the Authority upon receiving a complaint, order, directive, claim, citation or notice by any governmental authority or any other person or entity with respect to (A) air emissions, (B) spills, releases, or discharges to soils or any improvements located thereon, surface water, ground water or the sewer, septic system, stormwater system or waste treatment, storage or disposal systems serving the Premises and/or portion of the Terminal Facilities used by the Lessee, (C) solid or liquid waste disposal, or (D) the use, generation, storage, transportation, or disposal of toxic or Hazardous Substances or wastes, or (E) other environmental, health or safety matters affecting the Lessee, the Premises, or any improvements located thereon, or the business conducted thereon.

Without limiting the foregoing, the Authority shall have the option, but shall not be obligated, to exercise any of its rights as provided in this Agreement and may enter onto the Premises upon reasonable notice, and at the Lessee's option, accompanied by a representative of the Lessee, for the following purposes:

To inspect the Premises during regular business hours, or at any time in case of emergency to determine whether Lessee is complying with the terms and conditions of this Article 17. This right of inspection reserved to the Authority shall impose no obligation on the Authority to make such inspections and imposes no liability upon the Authority for failure to make such inspections.

To take any actions it deems necessary or advisable to monitor, clean up, remove, resolve, or minimize the impact of, or otherwise deal with, any Hazardous Substances Release, or complaint upon the Authority's receipt of any notice from any person or entity asserting the happening of a Hazardous Substance Release or a complaint on or pertaining to the Premises and/or Terminal Facilities; provided that if any monitoring, testing, removal, cleaning, abatement, or remediation, or restriction (other than monitoring, testing, removal, cleaning, abatement, remediation, or restriction arising as a result of the Lessee's activities on or its use and occupation of the Premises or the Terminal Facilities that are in violation of any Applicable Environmental Laws) would restrict Lessee from utilizing all or a material portion of the Premises for a consecutive period of one hundred eighty (180) days, then all rent, impositions and other charges related to the affected portion of the Premises shall be proportionally reduced for such applicable period of time.

No entry by the Authority upon the Premises as outlined above shall cause or constitute grounds for the termination of this Agreement by the Lessee or be deemed by the Lessee to constitute an interference with the Lessee's possession.

17.5 **Environmental Inspection.**

The Authority reserves the right and may, during normal business hours on business days and upon reasonable notice or at any time without notice in case of an emergency enter upon the Premises, and at the Lessee's option, accompanied by a representative of the Lessee, for the purpose of determining the Lessee's compliance with the provisions of this Agreement relating to environmental matters. Throughout the Term, the Authority shall be granted complete access to all records maintained by the Lessee relating to the use or storage of Hazardous Substances on the Premises. The Lessee shall provide the Authority with copies of any and all reports prepared by its environmental consultants pertaining to "reportable events" and the environmental condition of the Premises within twenty-four (24) hours of receipt by the Lessee's management, but in any event, not less than thirty (30) days following any such reportable event. Nothing in this Agreement is intended to provide access to the Authority to documents that are attorney-client privileged or covered under the attorney work product doctrine or waive Lessee's rights in regard to such documents.

17.6 **Removal of Hazardous Substances and Equipment.**

The Lessee shall remove, or cause to be removed, from the Premises at its expense, as appropriate, by the date of termination of this Agreement any Hazardous Substances or equipment utilized to manufacture, generate, transport, treat, store, release, dispose or handle any Hazardous Substance used by the Lessee in the course of the Lessee's business.

Article 18.
SECURITY

18.1 **Lessee's Responsibility.**

The Authority shall provide roving guard service on the Terminal Facilities; however, the Lessee shall not be considered to be a third-party beneficiary of the guard service provided by the Authority. The Lessee assumes all responsibility for the security and protection of the Premises, including, but not limited to compliance at Lessee's expense with Section 311.12, Florida Statutes, and the Federal Maritime Transportation Security Act, 33 C.F.R., Part 105. Any additional security deemed necessary by the Lessee specifically for the Premises shall be the responsibility of Lessee and shall be procured by the Lessee at its sole expense.

18.2 **Burden of Compliance**

Pursuant to the requirements of Section 16.3 hereof, the Lessee must comply with all laws imposing security requirements and measures relative to the Lessee's use and occupation of the Premises and the Terminal Facilities. Specifically, the Lessee understands and agrees that it shall bear the primary responsibility of compliance with the requirements of Section 311.12, Florida Statutes, as amended and 33 C.F.R., Part 105. Such compliance includes the payment of the costs and expenses of all operational requirements related to mandated security measures as well as the payment of all costs for security related infrastructure that must be installed or maintained on the Premises, including the cost of interfacing the information technology features of Lessee's security system with the security system of the Authority. The Lessee agrees that it shall be responsible for the payment of all such costs and expenses. The Authority agrees that it shall reasonably cooperate with the Lessee by coordinating the efforts of the parties whenever the security measures required of each can best be served by a cooperative effort. The Lessee recognizes that the Authority has certain security responsibilities imposed on it by law as the owner of the Premises and in its capacity as a public deep water port.

The Lessee therefore agrees that the Authority retains full and final decision-making authority for all security related matters.

18.3 **Security Access.**

The Lessee agrees that it will grant the Authority unrestricted access to the Premises in order for Authority to determine and ensure compliance with, and to carry out any day-to-day implementation of security plans and policies necessary to achieve compliance with, any and all applicable local, state or federal laws and/or regulations. The Lessee shall promptly take such corrective action as is directed by the Authority as necessary to achieve compliance with such laws and/or regulations.

The Lessee shall allow unrestricted access to the Premises through a gate to be designated by the Authority. The Authority shall issue a lock to the Lessee to be maintained on the designated gate and keys to said lock and the Lessee shall maintain proper key control as required by 33 CFR Part 105, Section 311.12 Florida Statutes, the Florida Seaport Security Standard Minimum Requirements and the Authority's Seaport Security Plan and shall be subject to audit by the Authority as required by such. Every effort shall be made by the Authority and Lessee to identify a mutually agreed-upon gate for the emplacement of the Authority's access control lock. If a mutual agreement can not be reached, the Authority's Facility Security Officer shall designate the security access gate. The Lessee shall not alter, tamper, modify, remove, destroy or install additional locks or conduct other such activities to prohibit or delay access by the Authority or its designee. The gate will be marked with signage furnished and installed by the Authority. The Lessee shall immediately report to the Authority any damage or loss of any lock, key or sign. In the event the Authority or its designee is unable to gain access through the designated gate due to actions of the Lessee (including, but not limited to, all persons invited or welcomed by the Lessee for any purpose), the Authority shall remove and/or replace any such impediments to access. Any such expense of removal, repair or replacement shall be the responsibility of the Lessee, including but not limited to the actual cost of materials, labor or fines levied by any regulatory or enforcement body. The Lessee shall maintain operational control of the designated security access gate to perform regular business activities.

18.4 **Indemnification.**

In those instances when the Authority is providing security services, oversight or assistance to the Lessee in matters of security, the Lessee agrees that it shall hold the Authority harmless from and not prosecute any claim against the Authority for direct or consequential damages occurring as a result of the loss of business or any other loss resulting from the suspension or delay of the Lessee's business operations occasioned by the enforcement of any security requirement imposed by federal, state or local law and/or regulation.

Article 19.
DISPUTE RESOLUTION

19.1 **Applicability.**

Each party to this Agreement specifically reserves its right to institute suit or other appropriate legal proceeding for the purpose of resolving any dispute arising out of the operation or interpretation of this Agreement; however, in the event a dispute arises relative to the interpretation of any provision of this Agreement or if a dispute concerning the duties or obligations of the parties pursuant to this Agreement should arise, the parties may first attempt to settle the dispute through negotiation at the operating level.

19.2 **Litigation Costs and Fees.**

In the event the parties are unable to mediate their disputes but instead seek judicial relief, each party shall bear its own attorneys' fees and costs.

Article 20.
SURRENDER OF LEASED PREMISES

20.1 **Condition of the Premises and Improvements.**

The Lessee covenants that, at the expiration of the Term of this Agreement or at any earlier termination, it will surrender the Premises to the Authority in a good and clean state of repair and preservation, ordinary wear and tear excepted. Ordinary wear and tear shall not include deterioration of the Premises that could have been prevented by proper maintenance practices on the part of the Lessee or by the Lessee properly performing its obligations under this Agreement.

20.2 **Title to Improvements.**

Upon expiration or termination of the Term, all buildings, fixtures and other improvements built on, or made to, the Premises by the Lessee shall remain on the Premises and shall immediately become the exclusive property of the Authority except that, if so requested by the Authority in writing at least one hundred eighty (180) days prior to the end of the Term, the Lessee shall remove the buildings, fixtures or other improvements built on or made to the Premises by Lessee listed in the Authority's request within sixty (60) days after the expiration of the Term, subject to timely receipt of permits, approvals and other factors outside of Lessee's control. Upon surrender of the Premises, Lessee shall remove all equipment, trade fixtures and personal property belonging to it or leased from third parties which have not assumed the characteristics of a permanent fixture. All personal property of Lessee not removed from the Premises upon termination or natural expiration of this Agreement shall be deemed abandoned and shall become property of the Authority, unless the Authority elects not to assume ownership, in which case the Authority may dispose of the same or store the same for Lessee's benefit, in either case at Lessee's sole cost and expense.

20.3 **Damage to Property.**

Any damage caused to the Premises or the Authority's property by the removal of any of the Lessee's equipment, trade fixtures, improvements, or personal property shall be repaired by the Lessee at its sole expense within a reasonable period from the time the damage occurs.

20.4 **Leasehold Improvement Liens.**

The Lessee shall not pledge, assign or grant any liens or encumbrances relating to the use and occupancy of the Premises or to any improvements made to or on the Premises by the Lessee.

Article 21.
DEFAULTS; INTERRUPTIONS; TERMINATIONS

21.1 **Events of Default.**

Any of the following events shall constitute an "Event of Default" of this Agreement by the Lessee:

(a) If the Lessee transfers substantial control of its assets and/or its business operations or activity to any other entity unless such transfer is approved by the Authority as stipulated in Article 14; or

(b) If the fees, charges or other payments which the Lessee agrees to pay or is obligated to pay hereunder, are not received by the Authority within ten (10) days of the due date and such default continues for a period of thirty (30) days after receipt by the Lessee of notice from the Authority specifying the default; or

(c) If the Lessee files a voluntary petition for bankruptcy, or makes a general assignment for the benefit of creditors; or

(d) If the Lessee is adjudicated bankrupt and such proceeding or action shall not have been dismissed within thirty (30) days after such filing or appointment; or

(e) If at any time the Lessee abandons and ceases to use the Premises for a period of thirty (30) consecutive days, except when such abandonment and cessation is due to *force majeure* as defined in Section 22.14, default of the Authority, or other cause beyond the Lessee's control; or,

(f) If at any time the Lessee uses or permits the Premises to be used for any purpose which has not been authorized by this Agreement or by a subsequent written agreement between the Lessee and the Authority; or

(g) If the Lessee uses or permits the use of the Premises in material violation of any applicable law, rule or regulation; or

(h) If the Lessee materially violates any of the material provisions of this Agreement, which violation continues uncured for a period of ten (10) days following written notice of such violation.

21.2 **Remedies on Event of Default.**

Upon the happening and during the continuance of any Event of Default specified in Section 21.1, and after the expiration of any applicable cure period set forth in Section 21.1, the Authority may, at its sole and absolute discretion, avail itself of any remedy provided by law and/or equity, including without limitation, any one or more of the following remedies:

(a) Without initially terminating this Agreement, the Authority may reenter and take possession of the Premises, and the Lessee shall continue to timely make such payments as required under this Agreement. The Authority may thereafter enter into a new lease of the

Premises with any party, or operate the same on its own behalf. Immediately prior to commencement of the Authority's operation of the Premises or the effective date of the new lease, as applicable, the Authority shall notify the Lessee of such event.

(b) The Authority may immediately terminate this Agreement, enter the Premises and exclude the Lessee from possession of the Premises, declare all Throughput Fees and other charges and amounts which are then due and payable and costs of the Authority to prepare the Premises for reletting to be immediately due and payable. The Authority shall make reasonable attempts to mitigate the damages caused by Lessee's Event of Default and amounts recovered by the Authority from the use of the Premises subsequent to the Event of Default shall offset the amounts that the Authority recovers hereunder.

(c) The Authority may take whatever other action at law or in equity that it considers to be necessary or desirable in order to collect any amounts then due and thereafter to become due from Lessee, or to enforce performance and observance of any obligation, agreement or covenant of Lessee under this Agreement, or may exercise all rights and remedies that are available under Florida and federal law. No method of entry authorized herein and made by the Authority shall cause or constitute a default of this Agreement or be deemed to constitute an interference with the possession or use of the Premises by the Lessee if made in accordance with the terms of this Agreement and applicable law.

21.3 **Remedies not Exclusive.**

No remedy under this Article 21 is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or existing in law or equity. No delay or omission to exercise any right upon breach shall impair any such right or shall be construed to be a waiver thereof.

21.4 **Events of default by the Authority:**

The Lessee may, at its option, declare this Agreement terminated in its entirety upon the happening of any one or more of the following events:

(a) If a court of competent jurisdiction issues an injunction against the Authority or any successor thereto preventing or restraining the use of the Premises in its entirety, or any part thereof which may be vital to the Lessee for its operation; provided, however, that such injunction must remain in full force for a period of ninety (90) days or more before the Lessee can declare this Agreement terminated; or

(b) If the Premises is damaged through no fault or omission of the Lessee and becomes unusable in whole or substantial part for the purposes specified herein, and the Authority does not proceed as promptly as reasonably practicable with the repairs necessary to restore the Premises to the condition that existed prior to the occurrence of the damage; or

(c) If the Authority fails to provide and maintain means for unobstructed ingress and egress to and from the Premises in accordance with the provisions of this Agreement; or

(d) If by reason of any willful act or omission in violation of this Agreement, the Authority shall substantially interfere with the use by the Lessee of the Premises for the purposes authorized by this Agreement; or

If any part of the Premises which is vital to the Lessee in its operation is taken or condemned under power of eminent domain by any governmental authority during the Term of this Agreement, then this Agreement shall terminate as to the part so taken as of the date of the taking of such part. The Lessee shall have no claim or interest in or to any award of damages for such taking.

21.5 **Time of Termination:**

Except as may be specifically otherwise provided for in this Agreement, no termination declared by either party shall be effective unless and until thirty (30) days have elapsed after written notice of the termination is received by the other party specifying when such termination shall take effect and detailing the cause for termination of the Agreement. If such termination is by reason of a default for which termination is authorized under this Agreement, that default must be specified. No termination shall be effective if such default shall have been cured during such thirty (30) day period, nor shall such termination be effective if correction of the default is commenced within said thirty (30) days and completed as promptly as reasonably practicable. Notwithstanding the foregoing, the Authority shall not be required to give the Lessee notice of Lessee's commission of the same type of default more than twice during any consecutive twelve (12) month period and the Lessee's failure to cure after the second notice. If this Agreement is to be terminated for failure of the Lessee to pay Premises Rental Fees or any other fees and charges stipulated in **Exhibit B** within thirty (30) days of the date due, the Authority may give the Lessee notice of its intent to terminate this Agreement within fifteen (15) days after said thirty (30) day period has expired. However, if payment in full is made within this fifteen (15) day period, this Agreement shall not terminate.

21.6 **Interruption of Utilities, Services or the use of Facilities.**

The Authority does not warrant that the provision of utilities or services or the use of the Premises or other facilities contemplated herein will be free from interruptions caused by repairs, renewals, improvements or alterations; strikes or lockouts; accidents; electrical failures, interruptions or surges; the inability of the Authority to obtain utilities or supplies; or any other cause beyond the reasonable control of the Authority. Except as otherwise provided herein, no such interruption shall constitute grounds for termination of this Agreement by the Lessee, or render the Authority liable to the Lessee for damages resulting from such interruption or relieve the Lessee from performing its obligations under this Agreement.

21.7 **Termination of Agreement for Condemnation, Force Majeure.**

This Agreement may be terminated upon the occurrence of either of the following events:

(a) If, as contemplated by Section 22.12, any part of the Premises are taken or condemned under power of eminent domain by any governmental authority during the Term and, as a result of such taking, the part so taken causes the Premises to be no longer commercially viable for the Lessee's operation, the Lessee shall have the option, upon full payment of all

Premises Rental Fees, Throughput Fees due and payable and any other amounts due and payable to the Authority, to cancel this Agreement in its entirety without penalty**.**

(b) If the Premises cannot be used for the purposes contemplated by this Agreement for reasons of force majeure, as defined in Section 22.14, for at least thirty (30) consecutive days, and the parties hereto cannot agree on terms and conditions necessary for the continuance of this Agreement within a ninety (90) day period immediately following the thirty (30) day period of nonuse, the Lessee may cancel this Agreement in its entirety without penalty.

Article 22.
GENERAL PROVISIONS

22.1 **Non-Waiver.**

A waiver by either party of any of the provisions, conditions, or covenants of this Agreement shall not be deemed by the other party at any time thereafter to be a waiver of the same or any other provision, condition, or covenant herein contained, or to be a waiver of the requirement for the strict and prompt performance thereof. No notice by either party is required to restore or revive any right, power, remedy, privilege or option following a waiver by either party of any requirement, obligation or default of the other.

22.2 **Options, Rights, Powers and Remedies are Independent.**

Each of the options, rights, powers, or remedies given to either party according to this Agreement shall be cumulative, and no one of them shall be exclusive of the other or exclude any remedies provided by law. The exercise of one option, right, power or remedy shall not preclude the exercise of any other option, right, power or remedy, except in those cases where it is expressly so provided.

22.3 **Modifications.**

No change in, modification to, or amendment to this Agreement shall be valid or enforceable unless it is approved by the Lessee and the Authority, reduced to writing and executed by the duly authorized representatives of the Authority and the Lessee.

22.4 **Severability.**

In the event any covenant, condition or provision of this Agreement is held to be invalid by any court of competent jurisdiction, such determination of invalidity will not materially prejudice either the Authority or the Lessee as to their respective rights or other obligations contained in the valid covenants, conditions or provisions of this Agreement that shall remain and continue in full force and effect.

22.5 **Exhibits.**

All exhibits or schedules referenced in this Agreement or that may be referenced from time to time in any duly executed amendment to this Agreement are by this reference incorporated herein and shall be deemed to be a part of this Agreement as if fully set forth herein. Certain exhibits and schedules to this Agreement will be adjusted as a result of self-executing provisions of this Agreement and those changes will take effect automatically.

22.6 **Notices, Consents and Approvals.**

All notices, consents or approvals required by or otherwise contemplated by this Agreement shall be provided in writing and signed by a duly authorized representative of the party on whose behalf they are given. Such notice, consent or approval shall be deemed to be validly and sufficiently served at the time a properly addressed letter with sufficient postage is (i) deposited in any U. S. Post Office and sent certified or registered mail, return receipt requested, or (ii) by a nationally recognized overnight carrier.

(a) Notice to the Authority shall be addressed to:

Jacksonville Port Authority
Chief Administrative Officer
Post Office Box 3005
Jacksonville, Florida 32206-3005

(b) With copy to:

Office of General Counsel
Attn: Government Operations
117 West Duval Street, Suite 480
Jacksonville, Florida 32202

(c) Notice to the Lessee shall be addressed to:

Seaonus Stevedoring – Jacksonville LLC
c/o Enstructure LLC
16 Laurel Avenue, Suite 300
Wellesley, MA 02481
Attn: Chief Legal Officer

22.7 **Place of Payment.**

Payments required pursuant to this Agreement shall be made by Lessee to:

Lockbox:	Jacksonville Port Authority PO Box 947820 Atlanta, GA 30394-7820 Lockbox number: 865820
ACH: Bank:	 Wells Fargo Bank, N.A. 1 Independent Drive Jacksonville, FL 32202
Account #:	4613062413
Account Name:	Jacksonville Port Authority Operating Account
Wire ABA:	121000248

22.8 **Headings:**

The headings of the articles and sections of this Agreement are included only as a matter of convenience and for reference and in no way define or limit the scope or intent of the provisions of this Agreement. They shall not be construed to affect the provisions of this Agreement or to define or limit the interpretation or construction of this Agreement.

22.9 **Counterpart.**

This Agreement may be signed in any number of counterparts, each of which shall be deemed an original so long as it bears the signature of the authorized representatives of both parties.

22.10 **Independent Contractor.**

The parties hereto agree that the Lessee is an independent contractor and as such is not subject to the direction or control of the Authority except that the Lessee shall be required to comply at all times with the Authority's general rules and regulations governing the use of the Terminal Facilities that are applicable to all tenants of the Authority. This Agreement shall not be construed so as to establish a joint venture or partnership between the parties hereto.

22.11 **Non-Discrimination.**

The Lessee agrees that it shall use the Premises in compliance with all non-discrimination requirements imposed by any applicable federal, state or local law. The Lessee also agrees that it will not discriminate against any employee or applicant for employment because of race, religion, color, creed, sex, age, national origin, disability, veteran or family status neither will it discriminate in hiring nor fail to make reasonable accommodation for qualified disabled employees.

22.12 **Eminent Domain.**

If any part of the Premises is taken under power of eminent domain by any governmental authority during the Term of this Agreement, then this Agreement shall be amended to exclude the part so taken from the Premises and the Premises Rental Fees, Throughput Fees and/or the Minimum Annual Guarantee shall be equitably adjusted in proportion to the reduced production capacity of the Premises attributable to the part so taken, subject to the termination provisions of Section 21.7.

The Lessee shall have no right to share in any award made to the Authority as a result of a taking of all or a portion of the Premises by eminent domain. The Lessee shall not be entitled to seek apportionment of such an award based on its leasehold interest.

22.13 **Quiet Enjoyment.**

The Authority covenants that, if and as long as the Lessee shall faithfully perform the agreements, terms, covenants and conditions hereof, the Lessee and any Person who lawfully and in conformity with the provisions hereof claims through or under the Lessee shall and may peaceably and quietly have, hold and enjoy the Premises, subject to the terms and conditions of this Agreement, for the term hereby granted without molestation or disturbance by or from the Authority or any person claiming through or under the Authority. This covenant shall be construed as a covenant running with the Land, to and against successors to the Authority's interest in the lease under this Agreement, and is not, nor shall it operate or construed as, a personal covenant of the Authority.

22.14 **Force Majeure.**

Neither the Authority nor the Lessee shall be deemed to be in breach of this Agreement if either party is prevented from performing any obligations required of it hereunder by reason of strikes, boycotts, shortages of materials, labor disputes, embargoes, shipwrecks or obstructions to navigation, acts of God, acts of public enemy, acts of superior governmental authority, floods, windstorms, riots, rebellion, or any other similar circumstances for which it is not reasonably responsible and which is not within its control; provided nothing stated in this Section 22.14 shall relieve Lessee of its obligation to pay the Premises Rental Fees, Throughput Fees and any other fees and charges, in each case, that are due and payable.

22.15 **Governing Law.**

This Agreement is to be read and construed in accordance with Florida law. Any disputes relating to this Agreement must be resolved in accordance with Florida law. Venue for any action arising under this Agreement shall be in the courts vested with jurisdiction for Duval County, Florida.

22.16 **Liens and Encumbrances.**

Lessee agrees to keep the Premises free and clear of all liens and encumbrances arising or growing out of the use and occupancy of the Premises by the Lessee, its agents, licensees, subtenants, contractors and subcontractors.

22.17 **Inspection of Records:**

The Authority shall have the right to inspect the books, records or other data of the Lessee solely for the purpose of determining compliance with this Agreement, provided such inspection is made during regular business hours upon reasonable notice to the Lessee, and at the Lessee's option, accompanied by a representative of the Lessee. The Lessee agrees to retain and make available all books, records or other data pertaining to tonnage and throughput for at least three (3) years following the termination of this Agreement.

22.18 **Radon Gas.**

Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from the Duval County public health unit. [F.S. 405.056(5)]

22.19 **Asbestos.**

Asbestos is an incombustible, chemical-resistant, fibrous mineral form of impure magnesium silicate often used for fire proofing, electrical insulation and building materials. When the materials containing asbestos are disturbed causing the asbestos to flake and the asbestos fibers to become airborne, the fibers can be inhaled causing serious health risks. In the event any renovations, changes, alterations or improvements are made to the Premises which would disturb or involve materials in the Premises containing asbestos, all federal, state and local laws involving the removal of asbestos shall be followed.

22.20 **Construction.**

Both parties acknowledge that they have had meaningful input into the provisions and conditions contained in this Agreement. Therefore, any doubtful or ambiguous provisions contained herein shall not be construed against the party who physically prepared this Agreement. The rule sometimes referred to as "Fortius Contra Proferentem" shall not be applied to the interpretation of this Agreement.

22.21 **Non-Licensed Spectrum Devices.**

The Lessee agrees that it will consult and notify the Authority of additions of non-licensed spectrum devices within the Authority's property. These devices include wireless access points, RFID systems and cordless phones utilizing 900 MHz, 2.4 GHz and 5.8 GHz spectrum. The Authority will document and coordinate usage of these frequencies in an effort to provide maximum usability for both tenants and the Authority and Lessee will cooperate to avoid interference with the Authority's property. Notification of additions or removal of RF frequency devices should be forwarded to the Authority's Director of Information Technology who will respond within 10 business days to acknowledge and permit usage, provided the intended usage does not interfere with other tenants or the Authority initiatives. The Authority will provide for an annual RF survey. The results of this survey will be made available to the Authority tenants to allow for design and future initiatives.

22.22 **Survival.**

Any obligations and duties that by their nature extend beyond the expiration or termination of this Agreement shall survive the expiration or termination of this Agreement and remain in effect. Without limiting the foregoing, all obligations for the payment of fees or other sums accruing up to the expiration or termination of this Agreement shall survive the expiration or termination of this Agreement.

22.23 **Non-Waiver of Immunity.**

Nothing contained in this Agreement shall be construed as modifying, limiting, restricting or otherwise adversely affecting the sovereign immunity defenses and limitations available to the Authority under Section 768.28, Florida Statutes, and other sovereign immunity limitations of applicable law

22.24 **No Third Party Beneficiaries.**

This Agreement shall be binding upon and inure solely to the benefit of each party hereto. Nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

22.25 **Annual Appropriation.**

Obligations of the Authority hereunder are subject to annual appropriation.

22.26 **Warranties and Representations.**

(a) The Lessee, as of the date first written above, hereby represents and warrants to the Authority that it has corporate power to enter into this Agreement and to perform all acts required to be performed by the Lessee and that its execution and delivery have been duly authorized by all necessary corporate action.

(b) The Authority warrants and represents that it has corporate power to perform all acts required of it by this Agreement and that its execution and delivery have been duly authorized by all necessary corporate action. The Authority further warrants and represents that it is empowered to lease the Premises and related facilities to the Lessee and to grant the Lessee all of the rights, licenses and privileges contemplated herein.

22.27 **Further Assurances.**

Lessee agrees that it will, from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required by the Authority for carrying out the expressed intention of this Agreement.

Article 23.
ENTIRE AGREEMENT

The parties hereto understand and agree that this instrument contains the entire agreement between the Authority and the Lessee for the use of the Premises by the Lessee. The parties understand and agree that neither party nor its agents have made any representation or promise with respect to this Agreement except as expressly set forth herein; and that no claim or liability shall arise for any representations or promises not expressly stated in this Agreement. Any other written or oral agreement regarding the Premises is expressly nullified upon the execution of this Agreement unless otherwise specifically provided herein.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives as of the date first written above.

Witness:

By:___________________________________
Print Name:____________________________

Witness:

By:___________________________________
Print Name:____________________________

Jacksonville Port Authority

By:___________________________________
Name: Eric Green
Its: Chief Executive Officer

Approved as to Form:

By:___________________________________
Office of the General Counsel

Witness:

By:___________________________________
Print Name:____________________________

Witness:

By:___________________________________
Print Name:____________________________

Seaonus Stevedoring – Jacksonville LLC., a Delaware limited liability company

By:___________________________________
Its: ___________________________________
Print Name:____________________________

Exhibit A
LAND/PREMISES

Exhibit B
TERM AND SCHEDULE OF FEES AND CHARGES

I. <u>TERM</u>:

A. Initial Term: The initial Term of this Agreement shall commence on the Effective Date and terminate at 12:00 A.M. ET on the tenth (10th) anniversary of the Effective Date.

B. Renewal Term: The Initial Term of this Agreement may be extended for two (2) additional terms of five (5) years each (each, a Mutual Extension Option Term).

II. <u>PREMISES RENTAL FEE</u>: Lessee shall pay the Authority premises rental fees as follows. All premises rental fees are subject to Florida State Sales Tax, such tax shall be Lessee's sole obligation; provided, however, that to the extent Lessee is responsible for payment to the Authority of any taxes due by Lessee hereunder, then the Authority shall be responsible for the collection and remittance thereof to the appropriate governmental or quasi-governmental agency, as applicable:

PREMISES		MONTHLY RENTAL FEE	ANNUAL RENTAL FEE
240,000 square feet of Warehouse space in Transit Shed Number 1 @ $3.83 per square foot per year		$ 76,667.00	$ 920,004.00
12,000 square feet – covered ramp (Transit Shed #1) Area @ $3.62 per square foot per year		$ 3,616.37	$ 43,396.44
4.44 acres @ Blount Island Marine Terminal @ $24,770.54 per acre per year		<u>$ 9,165.10</u>	<u>$ 109,981.20</u>
	TOTAL	$ 89,448.47	$1,073,381.64

III. <u>THROUGHPUT FEES</u>**:** Except as set forth herein, the "Throughput Fees" include wharfage and terminal use and shall be assessed and collected as follows.

A. **Breakbulk Throughput Rate**: The Lessee shall pay the Authority $2.83 per Short Ton for all breakbulk cargo (other than as set forth herein).

B. **Forest Products Throughput Rate**: The Lessee shall pay the Authority $2.07 per Short Ton.

C. **Throughput Rate Application:** The Throughput Fees applicable to cargo described in Paragraphs III.A and III.B above are inclusive of the wharfage and terminal use rates as published in Authority's tariff or its reissue, and shall apply to any cargo crossing the Lessee's Premises, whether or not such cargo is eventually loaded to a water-borne vessel. The assessment and payment of these throughput charges, including any late fees, shall be processed in accordance with Authority's published tariff or its reissue.

IV. REPORTING OF CARGO**:** The Lessee or the vessel agent, as applicable, shall provide to the Authority a vessel manifest and/or loading guide within five (5) business days after the vessel completes work. Lessee shall also provide container and other cargo information as required by the Authority. Within five (5) business days after the close of a month, the Lessee shall also provide the Authority with a monthly tonnage activity report reporting all cargo that is received to or delivered from the Premises that is not loaded to a water-borne vessel. These documents shall be signed by an authorized representative of the Lessee certifying the accuracy of the cargo count and the weights contained in such reports.

V. MINIMUM ANNUAL GUARANTEE: The Lessee guarantees that, beginning upon the Effective Date, it will generate for the Authority, in a combined collected throughput (such amount, the "Total Throughput"), revenue in an amount no less than Five Hundred Fifty-Eight Thousand Nine Hundred Dollars ($558,900) per annum ("Minimum Annual Guarantee"), which Minimum Annual Guarantee shall be adjusted from time to time to reflect increases in CPI pursuant to Paragraph VIII of this Exhibit B. For the purposes of the Minimum Annual Guarantee calculation, "Total Throughput" shall mean the sum of (i) the Throughput Fees assessed and paid for breakbulk and forest product cargo crossing the Lessee's Premises, as described in Paragraph III of this Exhibit B, and (ii) all tariff charges and fees assessed and paid for all other cargo crossing the Lessee's Premises in accordance with Authority's published tariff or its reissue.

VI. FAILURE TO MEET MINIMUM ANNUAL GUARANTEE: Authority and Lessee shall reconcile the amount of revenue actually paid to the Authority in Total Throughput compared to the Minimum Annual Guarantee for the corresponding period for the purpose of determining any shortfall. In the event a shortfall occurs, Lessee shall owe the Authority that difference calculated by subtracting the revenue actually paid to the Authority in Total Throughput from the Minimum Annual Guarantee for the corresponding period. Lessee shall pay the Authority's invoice for such shortfall amount within thirty (30) days of the invoice date.

VII. EQUIPMENT RENTAL FEES:

A. **Container Crane Rental Rate**: Should the Lessee require the use of a container crane during its operations, a container crane shall, subject to availability, be provided to the Lessee at the rate of $900.00 per hour, without operator, plus applicable sales tax.

B. **Container Crane Standby**: Container crane standby time shall be assessed in accordance with the procedures established in the Authority's published tariff or its reissue.

VIII. ANNUAL ADJUSTMENT OF FEES AND CHARGES: On each anniversary of the Effective Date throughout the Term of this Agreement, the Premises Rental Fees, Throughput Fees and Container Crane Rental Rate shall be increased by the same percent of increase that occurred in the Consumer Price Index ("CPI") for the twelve-month period that ended three (3) months just prior the Effective Date, but in no event shall the Premises Rental Fees, Throughput Fees or Container Crane Rental Rate be increased by more than 3% in any Contract Year. The percent of increase in the CPI for this twelve-month period will be computed utilizing the index for Urban Wage Earners and Clerical Workers 1982-84 = 100, All Items, as published by the Bureau of Labor Statistics of the U. S. Department of Labor or any successor agency. This annual increase in fees shall be self-executing and shall automatically take effect on each anniversary of the Effective Date without the necessity of any formal amendment being made to this Agreement in order to implement an increase. If there has been a negative fluctuation in the CPI at the time an annual increase would have otherwise been implemented, such negative fluctuation shall not be used to reduce the amount of any fees previously paid by Lessee and therefore the ensuing year, Lessee shall pay fees and charges calculated according to the same rates that were in effect for the previous year. If the CPI becomes unavailable or is revised, a substitute shall be used to obtain substantially the same results as would be obtained if the CPI had not been discontinued or revised.

IX. OTHER FEES AND CHARGES: Any other fees and charges due and payable to the Authority by the Lessee that are not stipulated in this Agreement shall be assessed and handled in accordance with the Authority's published tariff or its reissue.

X. OTHER RULES AND REGULATIONS: Unless stated otherwise in the Agreement, all Rules and Regulations stipulated in the Authority's published tariff or its reissue shall apply to Lessee's operations on the Terminal Facilities.

Exhibit C
LESSEE INSURANCE REQUIREMENTS

Prior to commencement of operations or occupation of the Premises Lessee must have procured and provide evidence of the insurance coverage as follows:

I. WORKERS COMPENSATION/EMPLOYERS LIABILITY:

a.	Part I		State Requirement
b.	Part II	Each Accident	$1,000,000
		Disease-Policy Limit	$1,000,000
		Disease-Each Employee	$1,000,000

c. In addition to coverage for the Florida Workers' Compensation Act, coverage for the Longshore and Harbor Workers' Compensation Act, Maritime Employer Liability is required as is appropriate for operations.

II. COMMERCIAL GENERAL LIABILITY:

a. Combined Single Limit of Liability for Personal and Bodily Injury and Property Damage including Fire Legal Liability as follows:

General Aggregate	$10,000,000
Each Occurrence	$2,000,000
Fire Legal Liability	$1,000,000

b. The Authority shall be named and endorsed as an additional insured for premises, on-going and completed operations.
c. Commercial General Liability coverage will be primary and non-contributory. Endorsement evidencing such coverage must be provided.

III. COMMERCIAL AUTOMOBILE LIABILITY:

a. Coverage shall include all owned, non-owned or hired automobiles including loading and unloading operations.

Combined Single Limit of Liability $1,000,000

IV. MARINE GENERAL LIABILITY: $3,000,000

a. Lessee shall carry Marine General Liability insurance against claims for bodily injury, property damage, and marine contractual liability with no less than $3,000,000 limit per occurrence provided that policy aggregates, if any, shall apply separately to claims occurring with respect to the Authority. A maximum deductible or self-insured retention of $100,000 per occurrence shall be allowed.
b. The Authority shall be named and endorsed as additional insured for on-going and completed operations.
c. Marine General Liability coverage will be primary and non-contributory. Endorsement evidencing such coverage must be provided.

V. WAREHOUSEMAN'S LIABILITY: Warehouseman's legal liability insurance covering Lessee's liability for all loss or damage, regardless of cause, while in the warehouse's care, custody and control or breach of this Agreement.

VI. UMBRELLA/EXCESS LIABILITY/ BUMBERSHOOT LIABILITY INSURANCE: $25,000,000 excess of the required Commercial General Liability, Automobile Liability, and Marine General Liability policies.

VII. PROPERTY INSURANCE/ALL RISK: Coverage shall be in the amount of the full insurable value of the property, including wind, flood and earthquake insurance. Coverage shall also include the full value of the Equipment, the Improvements, personal property and contents and/or cargo under Lessee's care and custody.

VIII. POLLUTION LEGAL LIABILITY: $5,000,000 incident/aggregate.

Such coverage will include but not limited to testing, design, consulting, analysis, or other consulting work, whether self-performed or subcontracted for any Environmental/Pollution event.

Such coverage will also include business interruption and extra expense covering process, operations and transportation/vehicles, loading and unloading, bodily injury, sickness, disease, mental anguish or shock sustained by any person, including death; property damage including physical injury to or destruction of tangible or non-tangible property including the resulting loss of use thereof, clean-up costs, and the loss of use of tangible property that has not been physically injured or destroyed; defense including costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such compensatory damages. The Authority shall be named additional insured on such policy.

IX. A waiver of subrogation in favor of the Authority and its insurance carriers is required on the Lessees insurance policies for Workers Compensation, Commercial General Liability, Automobile Liability, Marine General Liability and Umbrella Liability. Lessee waives all rights against the Authority, its Board members, officers, employees, or agents for recovery of damages to the extent these damages are covered by any of the policies of insurance maintained pursuant to this agreement. Provide blanket waiver of subrogation endorsement certificate must be provided.

X. INSURANCE REQUIREMENTS DO NOT INDICATE FINAL LIABILITY. The aforementioned Insurance Requirements are minimally accepted requirements. In no way do these minimum insurance requirements limit any liability assumed elsewhere, including but not limited to Lessee's defense and indemnity obligations. The Authority reserves the right to increase required limits based on individual circumstances. If loss exceeds insurance requirements, Lessee remains obligated to fully indemnify The Authority for any loss associated with this agreement.

If Lessee maintains broader coverage and/or limits in excess of specified minimum limits shown above, the Authority requires and shall be entitled to the broader coverage, and/or the higher limits, and any available insurance proceeds maintained by the Lessee.

SUBMISSION FOR AWARDS COMMITTEE AND CHIEF EXECUTIVE OFFICER APPROVAL JACKSONVILLE PORT AUTHORITY

AC2025-02-01		02/19/2025
Reference No.	File	Date

SUBJECT: Cruise Terminal New Gangway
JPA Project No.: D2025.01 **JPA Contract No.: C-2017C**
ACON Construction Co., Inc.

COST: 698,495.00 ☒ **BUDGETED** ☐ **NON-BUDGETED**

BACKGROUND:

On January 9, 2025, Procurement Services solicited bids from qualified and experienced contractors to provide services for Cruise Terminal New Gangway. The scope of work includes, furnish all labor, materials, equipment, incidentals, testing and supervision, means and methods necessary to build a new steel gangway/ramp for passengers' access to a Cruise Ship at the Dames Point Cruise Terminal in accordance and compliance with all applicable local, state and federal codes, standards and regulations, including structural, electrical, mechanical, environmental and safety related standards.

On February 11, 2025 Procurement Services received one (1) Conforming bids from ACON Construction Co., Inc. After review of the only bid received, it is the consensus of the Engineering Department to recommend award to ACON Construction Co., Inc., who offered a responsive, responsible and acceptable bid.

EXPENSE CATEGORY:

☐Renewal of existing services
☒Replacement (end of life) or upgrade of equipment
☐Related to new opportunity
☐Related to or part of CapEx strategy

This is a budgeted capital item for FY25 and will be funded 100% with JPA funds.

FINANCIAL:

Available Budget:	$ 1,810,156
Proposed Expense:	$ 698,495
Remaining Balance:	$ 1,111,661

RECOMMENDATION:

Management recommends that the Board of Directors approve the issuance of a contract to ACON Construction Co., Inc. for the Cruise Terminal New Gangway in the amount of $698,495.00.

AC-2025-02-01

Once necessary approvals are obtained by the Awards Committee Chairman, the Chief Executive Officer is authorized to sign purchase orders, agreements or contracts for the Award.

Attachments: ACON Construction Co., Inc. Bid Form dated 02/04/2025.
Unofficial Bid Results

ORIGINATED BY:	**SUBMITTED FOR APPROVAL**
James Jones James Jones (Feb 19, 2025 14:11 EST) **James Jones, Sr. Director, Engineering & Construction**	Retta Rogers Retta Rogers (Feb 20, 2025 07:05 EST) **Retta Rogers, Director, Procurement Services**

AWARDS COMMITTEE ACTION

APPROVED

APPROVED/REJECTED/DEFERRED

CONDITIONS OF APPROVAL (IF ANY):

Sandra Platt
Sandra Platt (Feb 20, 2025 07:34 EST)
Sandra Platt, Secretary to Awards Committee

Bradley Burch
Bradley Burch (Feb 20, 2025 09:24 EST)
Bradley Burch, Co-Chair to Awards Committee

CHIEF EXECUTIVE OFFICER ACTION

APPROVED

APPROVED/REJECTED/DEFERRED

CONDITIONS OF APPROVAL (IF ANY):

Eric B. Green
Eric B. Green (Feb 20, 2025 12:25 EST)
Eric B. Green, Chief Executive Officer

CONDITIONS OF APPROVAL (IF ANY):

______________________ **Rebecca Dicks, Corporate Secretary**

BOARD DECISION

APPROVED/REJECTED/DEFERRED

CONDITIONS OF APPROVAL (IF ANY):

______________________ **Board Chairman**

______________________ **Board Secretary**

ATTACHMENT NO. 6

"REVISED BID FORM"

JAXPORT PROJECT NO.: D2025-01
JAXPORT CONTRACT NO.: C-2017C
CRUISE TERMINAL NEW GANGWAY
DAMES POINT MARINE TERMINAL

BIDDER'S NAME: ACON Construction Co., Inc.

The undersigned hereby proposes to furnish all materials, equipment, labor, and supervision for the above identified project, in accordance with the specifications and drawings for Contract No. **C-2017C**, at the following price:

Scope of Work: Furnish to all labor, materials, equipment, incidentals, testing, supervision, means and methods necessary to build a new steel gangway/ramp for passengers' access to a Cruise Ship at the Dames Point Cruise Terminal in accordance and compliance with all applicable local, state and federal codes, standards and regulations, including structural, electrical, mechanical, environmental and safety related standards.

"REVISED BID FORM"					
JAXPORT Cruise Terminal New Gangway					
Item No.	Item Description	Unit of Measure	Estimated Quantities	Total Item Amount	
Division 01 - General Requirements					
1.01	Mobilization/Demobilization (60% / 40%)	LS	1	$	78,610
1.02	General Conditions	LS	1	$	21,065
			Subtotal (General Requirements):	$	99,675
Division 02 - Existing Conditions					
2.01	Demolition	LS	1	$	1,470
2.02	Sawcut and Remove Existing Asphalt Pavement	SY	12	$	1,770
2.03	Excavation for Footings	SY	50	$	7,920
			Subtotal (Existing Conditions):	$	11,160
Division 03 - New Construction					
3.01	Concrete	LS	1	$	38,580
3.02	Steel	LS	1	$	240,000
3.03	Painting	LS	1	$	33,000
3.04	Guardrail Infill (Alucobond Panels and Lexan Panels)	LS	1	$	24,500
3.05	Composite Canopy	SF	2,250	$	15,700
3.06	Hoist	EA	1	$	36,200
3.07	Gangway Bridge (Brow)	EA	1	$	86,570
			Subtotal (New Construction):	$	474,550
Division 04 - Electrical					
4.01	Existing Electrical Demo	LS	1	$	8,650
4.02	Pull Box(es)	LS	1	$	9,000
4.03	Branch Circuit (Conduit(s) & Conductors)	LS	1	$	53,940
4.04	Disconnect & Controller	LS	1	$	14,540
			Subtotal (Electrical):	$	86,130
Division 05 - IT/Communications					
5.01	Conduit(s) w/ Pull Cord (1 Qty. 2" RMC)	LS	1	$	17,980
5.02	Pull Box(es)	LS	1	$	9,000
			Subtotal (IT/Communications):	$	26,980
			Bid Total:	$	698,495

ATTACHMENT NO. 6 - (con't)

"REVISED BID FORM"

JAXPORT PROJECT NO.: D2025-01
JAXPORT CONTRACT NO.: C-2017C
CRUISE TERMINAL NEW GANGWAY
DAMES POINT MARINE TERMINAL

(Submission of more than one bid form for the same work by an individual, firm, partnership or corporation under the same or different names and/or any alterations, exceptions or comments contained within the bid form shall be grounds for rejection of the bid)

Basis of Award: The Authority reserves the right to award this contract to the bidder whose prices is the lowest based on Total Bid Amount (Division Items 01 - 05), subject to availability of appropriated funds.

JAXPORT reserves the right to award this contract to the lowest, responsive, responsible bidder, whose bid is fully conforming to the requirements of the bid documents. Nevertheless, JAXPORT reserves the right to waive informalities or minor irregularities in any bid, to reject any or all bids, and to accept the bid which, in its judgment, will be in the best interest of JAXPORT. JAXPORT will be the sole judge of which proposal will be in its best interest and its decision will be final.

JAXPORT reserves the right to award this contract to the bidder offering the lowest price consistent with meeting all specifications, terms, conditions, delivery requirements set forth on this bid. No award will be made until all necessary inquiries have been made into the responsibility of the lowest conforming bidder and JAXPORT is satisfied that the lowest bidder met all the requirements, is qualified and has the necessary organization, capital and resources required to perform the work under the terms and conditions of the contract. JAXPORT reserves the right to accept or reject any or all proposals, in whole or in part.

Bidder's Attestation:

Initials: ____ **Date:** 2/11/25 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."

The required bid guaranty is attached hereto (see "Supplemental Instructions to Bidders") of the contract documents.

ATTACHMENT NO. 6 - (con't)

"REVISED BID FORM"

JAXPORT PROJECT NO.: D2025-01
JAXPORT CONTRACT NO.: C-2017C
CRUISE TERMINAL NEW GANGWAY
DAMES POINT MARINE TERMINAL

Acknowledgment of the following addenda is hereby made (see "Supplemental Instructions to Bidders"):

Addenda No. 1, Dated: 1-30-2025 Initials: ______
Addendum No. 2, Dated: __________ Initials: ______
Addendum No. 3, Dated: __________ Initials: ______
Addendum No. 4, Dated: __________ Initials: ______

See also "Bid Contents and Format" section of the "Supplemental Instructions to Bidders".

Frank Anderson
Name of Contractor

AUTHENTICATION (see "Supplemental Instructions to Bidders")

ACON Construction Co., Inc.
Firm

Business Address	City	State	Zip Code
3653 Regent Blvd, Suite 401	Jacksonville	FL	32224

Same as above
Mailing Address, if different from above

______	2-11-2025
Authorized Signature	Date Executed
Frank Anderson	Vice President
Typed Name	Title

fanderson@aconcci.com
E-Mail Address

904-565-9060	904-565-9080
Telephone Number	Facsimile Number
59-3296336	CGC1506202 / CGC022916
Company Federal Tax I.D. No.	Company's Business License No.

ITB_C-2017C - CRUISE TERMINAL NEW GANGWAY
Tuesday, February 11, 2025 at 2:00 PM (ET)

JPA PROJECT NO.: D2025.01 JPA CONTRACT NO.: ITB_C-2017C Bid Open Date: TUESDAY, FEBRUARY 11, 2025 @ 2:00 PM				ACON CONSTRUCTION COMPANY, INC.
			BID BOND:	Y
			COI FORM:	Y
			PEC FORM:	Y
			CCRSC FORM:	Y
			E-VERIFY:	Y
			E-BUILDER:	Y
			BIDDERS MINIMUM REQUIREMENTS:	Y
			ADDENDUM NO. 01:	Y
Division 01 - General Requirements				
Item No.	Description	UOM	Est. Qty.	Total Item Amount
1.01	Mobilization/Demobilization (60% / 40%)	LS	1	$ 78,610.00
1.02	General Conditions	LS	1	$ 21,065.00
			Subtotal (General Requirements):	$ 99,675.00
Division 02 - Existing Conditions				
Item No.	Description	UOM	Est. Qty.	Total Item Amount
2.01	Demolition	LS	1	$ 1,470.00
2.02	Sawcut and Remove Existing Asphalt Pavement	SY	12	$ 1,770.00
2.03	Excavation for Footings	SY	50	$ 7,920.00
			Subtotal (Existing Conditions):	$ 11,160.00
Division 03 - New Construction				
Item No.	Description	UOM	Est. Qty.	Total Item Amount
3.01	Concrete	LS	1	$ 38,580.00
3.02	Steel	LS	1	$ 240,000.00
3.03	Painting	LS	1	$ 33,000.00
3.04	Guardrail Infill (Alucobond Panels and Lexan Panels)	LS	1	$ 24,500.00
3.05	Composite Canopy	SF	2,250	$ 15,700.00
3.06	Hoist	EA	1	$ 36,200.00
3.07	Gangway Bridge (Brow)	EA	1	$ 86,570.00
			Subtotal (New Construction):	$ 474,550.00
Division 04 - Electrical				
Item No.	Description	UOM	Est. Qty.	Total Item Amount
4.01	Existing Electrical Demo	LS	1	$ 8,650.00
4.02	Pull Box(es)	LS	1	$ 9,000.00
4.03	Branch Circuit (Conduit(s) & Conductors)	LS	1	$ 53,940.00
4.04	Disconnect & Controller	LS	1	$ 14,540.00
			Subtotal (Electrical):	$ 86,130.00
Division 05 - IT/Communications				
Item No.	Description	UOM	Est. Qty.	Total Item Amount
5.01	Conduit(s) w/ Pull Cord (1 Qty. 2" RMC)	LS	1	$ 17,980.00
5.02	Pull Box(es)	LS	1	$ 9,000.00
			Subtotal (IT/Communications):	$ 26,980.00
			BID TOTAL:	**$ 698,495.00**

Recorded By: Jerrie Gunder
Jerrie Gunder (Feb 11, 2025 14:39 EST)

Witness: Sandra Platt
Sandra Platt (Feb 11, 2025 14:41 EST)

Witness: Terri Lemon-Scott
Terri Lemon-Scott (Feb 11, 2025 15:05 EST)

Director, Procurement Services: Retta Rogers
Retta Rogers (Feb 11, 2025 16:27 EST)

C-2017C - Apparently Conforming

KEY CAPITAL PROJECTS

No.	Contract Number	Project Description	Vendor	Scope	Original Contract Amt. ($)	Approved Change Orders To Date	Total Contract as Amended	Payments to Date	Work Remaining To Invoice	Proposed Change Orders (PCO's)	Remarks
1 T2021-06	C-1780	TMT Berth 5 Pile Jacket Repairs	Michaels Construction Inc.	TMT Berth 5 Pile Jacket Repairs	$1,319,732	$104,412 Last CO #01 04/08/24	$1,424,144	$152,428	$1,271,716	$0	Michaels Corp. has continued pile jacket repairs works at TMT Berth 5, with 50% completion.
	MC-1611A	Pile Cap & Beam Rehab TMT	Underwater Mechanix, Inc	Facilities Wide Underwater Pile Cleaning	$877,182	$0	$877,182	$209,757	$667,425	$0	UMX has continued cleaning piles at TMT Berth 6 with over 90% completion.
	AE-1780		JACOBS Engineering Group	Engineering Inspection & Design Services Pile Jacket Repairs Berth 5	$143,950	$68,083 Last CO #02 05/24/23	$212,033	$162,426	$49,607	$0	JACOBS is scheduled to visit the site for inspection of piles repaired by the end of March.
	AE-1780A		JACOBS Engineering Group	Engineering Inspection & Design Services Pile Jacket Repairs Berth 6	$146,954	$0	$146,954	$27,358	$119,596	$0	JACOBS is scheduled to perform final inspection of cleaned piles b y the end of March. Then, will continue design of repairs.
2 T2021.02	AE-1588B	Rehabilitate Underdeck Concrete Phase 4	C&ES Construction & Engineering Services	Engineering & Inspection Services for Rehabilitate Underdeck Concrete Phase 4	$52,440	$0	$52,440	$33,897	$18,543	$0	C&ES performed final site inspection, and is currently working with the contractor and JAXPORT's E&C to finalize punch list and project close out.
	C-1588A		Southern Road & Bridge LLC	Rehabilitate Underdeck Concrete Phase 4	$2,143,244	$915,076 Last CO #04 03/25/24	$3,058,320	$2,835,956	$222,364	$0	Southern Road & Bridge LLC performed site inspection with C&ES for punch list/close out.
3 B202	AE-1772	Container Terminal Upgrades - SSA	AECOM Technical Services	Program Management & Inspection Svcs for C-1772 SSA Container Yard Improvements	$3,215,597	$250,070 Last CO #01 05/10/22	$3,465,667	$2,654,808	$810,859	$0	AECOM has continued providing program management services, including field inspection, and managing the contractors work and progress.

KEY CAPITAL PROJECTS

No.	Contract Number	Project Description	Vendor	Scope	Original Contract Amt. ($)	Approved Change Orders To Date	Total Contract as Amended	Payments to Date	Work Remaining To Invoice	Proposed Change Orders (PCO's)	Remarks
0 - 0 1	C-1772A		CW Matthews Contracting	SSA Jacksonville Container Terminal Phase 8	$16,246,000	$77,331	$16,323,331	$8,627,446	$7,695,885		CW Mathews (Baker) is currently working on Phase 8B North (pavement demolition, sub-base, base construction, stormwater structures), with expected Substantial Completion by end of February, to continue with Phase 8B South.
	C-1772		Superior Construction Company Southeast, LLC	SSA JCT Container Yard Improvements	$48,876,120	$5,572,727 Last CO #18 08/20/24	$54,448,847	$53,857,048	$591,799	$0	Superior Construction has continued works: civil, pavement, storm structures, and electrical works are ongoing for Phase 5B.
4 B2022-11	AE-1830	Auto Processing Facility Development - SET	JE Dunn Construction	Terminal Development for SET - CM at Risk	$700,000	$133,045,049 Last CO #18 08/27/24	$133,745,049	$83,594,457	$50,150,592	$0	Accessories Building- Exterior Window Installation ongoing. Retaining Wall Completed on SE Corner. Interior Duct work ongoing, Sheeting on Office area 90% completed. Continuing MEP rough in at Office area. Interior Metal Wall framing in Office. Install Trench Drains at Car Wash, Continuing MEP Rough in at Trucking Restroom. Site Electrical and Low Voltage underground feeders ongoing. Continuing Tilt Wall Coating. Yard Hight Mast Light Pole Bases ongoing. TPO Roof ongoing. Project completion tracking for Late Summer 2025.
5 B2020-02	AE-1790A	Breasting Dolphins - Berth 22	Taylor Engineering, Inc.	Engineering Services During Construction	$342,748		$342,748	$322,632	$20,116	$17,911 NTE for continuted services through Time & Material Work with TIC	Taylor Engineering continues to provide Services During Construction for the Berth 22 new dolphins project. I
	C-1790R		TIC - The Industrial Company	Breasting Dolphins Berth 22 Dolphin Additions	$5,119,395	$0	$5,119,395	$4,418,808	$700,587	Time & Material NTE of $65,000 for Bollard Removal	Project punchlist bering performed. Time and Material Change Order work on going for removal of existing marine bollards for installation of new marine bollards.
6 C2024-01	AE-1915	Purchase of (2) - (3) New Cranes	Taylor Engineering, Inc.	Engineering and Support Services for the purchase of new STS container cranes.	$112,501	$1,075,006 Last CO #03 11/25/24	$1,187,506	$297,831	$889,675	$0	Taylor Engineering has been providing Technical support to JAXPORT's Equipment and E&C teams, for the purchase of new STS cranes.
	EQ-1915		Libherr USA Co.	Purchase of 2 (3) STS Diesel-Electric Container Handling Cranes	$30,525,548	$18,314,327	$48,839,875	$30,332,678	$18,507,197		Libherr has been awarded as the vendor to provide three new STS cranes. BIMT 2 cranes: delivery May 2025, Commissioning December 2025; TMT 1 crane: delivery November 2025, Commissioning July 2026.
7 B2025-15	MC-2018	Roofover for Whse #1 at Blount Island	Tecta America	Re-Roof of Warehouse #1 (B-35) at the Blount Island Marine Terminal	$1,779,550	$0	$1,779,550	$0	$1,779,550	$0	Tecta America has mobilized and started preparations for roof repairs.

KEY CAPITAL PROJECTS

No.	Contract Number	Project Description	Vendor	Scope	Original Contract Amt. ($)	Approved Change Orders To Date	Total Contract as Amended	Payments to Date	Work Remaining To Invoice	Proposed Change Orders (PCO's)	Remarks
8 B2021-06	MC-20770E	New Roof on GITMO Building	Tecta America	Roof Replacement of Transient Shed #3, B-19(GITMO) at the Blount Island Marine Terminal	$1,298,750	$0	$1,298,750	$0	$1,298,750	$0	Project Idle until Warehouse #1 is completed by Tecta America.
9 B2024-01	AE-1935A	Design-Build Firestation 48	Auld & White Constructors, LLC	The Design-Build Services for the Construction of the New JFRD Firestation 48 at Blount Island Marine Terminal	$8,403,400	$0	$8,403,400	$165,232	$8,238,168	$0	JRFD: Auld & White has continued design works: 100% Architectural, 60% Civil; 30% Site, submitted for review of JAXPORT, COJ, JFRD. 65% civil design to be submitted to COJ and SJRWMD for permitting on 2/21/25.
	AE-1935B		VIA Consulting Services, Inc.	Construction and Engineering Instpection Services for the New JFRD Fire Station 48 at the Blount Island Marine Terminal.	$537,878	$0	$537,878	$93,834	$444,044	$0	VIA providing services during design for JFRD Firestation 48.
10 B2022-10	AE-1814	Design, Bid Support, and Services During Construction for Berth 20 Expansion(Berth 21)	Taylor Engineering, Inc.	Construction and Engineering Instpection Services Berth 21 Construction	$3,182,981	$0	$3,182,981	$1,348,608	$1,834,373	$0	Services During Construction and oversite of the Berth 21 Project.
	C-1814	Berth 20 Expansion(Berth 21)-Construction	Rush Marine, LLC.	Dredging and Construction of Berth 21 at the Blount Island Marine Terminal	$51,220,051	$0	$51,220,051	$0	$51,220,051	$0	Dredging of Berth 21 envelope on going. Pre-Construction submittals ongoing, temporary facilties planning, mobilization planning..
				Grand Totals	$184,873,155		$346,977,482	$200,399,286	$146,578,197	$0	

Financial Highlights: January Fiscal Year ’25

REVENUES

January Operating Revenue of $5.811 million is slightly behind budget, by approximately $30 thousand, to follow last month’s new single month revenue record for the port. While modest outperformance was seen in most product lines, Autos and Military lagged. Military revenue weakness for the month was not surprising after the strength seen in December and this category remains well ahead of budget year-to-date. Weakness in the Auto segment is thought by our commercial team to be primarily linked to seasonality and challenges being seen at the production level for global manufacturers. Nationwide, Auto sales fell approximately 7% month-over-month, after finishing 2024 at 16 million units, which is the best year since the pandemic. All other segments performed modestly ahead of budget for the month. Important to note is that the Cruise operation has now met the threshold for parking incentive rebates to cease for the remainder of the contract year, which will serve to boost our performance in this area through May.

Investment income, of $256 thousand for the month, was ahead of budget and continues the trend of strength we’ve seen in this area. This trend may slow if the fed cuts rate and also as our various designated project funds are spent down as programmed throughout the coming year.

EXPENSES

Operating Expenses came in above budget for the month, with a negative variance of $198 thousand, but remain within budget for the fiscal year by a narrow margin of $15 thousand. This month’s overage was caused by Berth Maintenance Dredging. We continue to be impacted by increased siltation associated with the active 2024 hurricane season across the St. John’s River Basin. We will be billing large portions of these volumes through the FEMA process and reimbursements will likely be seen in future fiscal years. The two line items of Salaries and Benefits as well as Promotions, Advertising, Dues, and Memberships were each over for the month due to timing of payments. Salaries and Benefits remain within budget for the year and the Promotions line will smooth out as we progress now that the larger of planned annual payments have been made. All other items were materially well-controlled for the month.

BOTTOM LINE

Income Before Depreciation, at $1.285 million represents a $483 thousand positive variance for the month and is $2.903 million ahead of plan for the fiscal year to date.

BALANCE SHEET

We continue to report a stable balance sheet. Cash and Cash Equivalents ended the month at $21.624 million. This was down from the prior month as Grants Receivable ticked higher. We continue to spend on grant funded projects and submit reimbursements. As such, this number will fluctuate from month to month. Accounts receivable remains slightly elevated due to strong operating performance in December, which were billed in January. The team expects the Accounts Receivable line to generate cash in February as payments are made on current due items.

The balance on our line of credit remained at $7.902 million. Upcoming receipts for asset sales may help reduce this number in the coming months.

CONCERNS: We continue to monitor for any impacts from potential tariff changes or other federal initiatives which may potentially impact the port or maritime industry in general.

VITAL STATISTICS

JANUARY FY25 - Cargo Performance

CARGO INDICATORS

				VARIANCE		YEAR-TO- DATE			VARIANCE	
	Actual	Budget	Prior	Budget	Prior	Actual	Budget	Prior	Budget	Prior
Vessel Calls	131	130	133	1%	-2%	530	520	513	2%	3%
Total Tons	767,856	851,093	800,948	-10%	-4%	**3,399,236**	**3,404,373**	**3,247,337**	0%	5%
Total Revenue	$5,811,024	$5,840,783	$5,838,062	-1%	0%	$24,655,323	$23,211,856	$22,146,880	6%	11%

OPERATING REVENUE / STATISTICS

				VARIANCE		YEAR-TO- DATE			VARIANCE	
	Actual	Budget	Prior	Budget	Prior	Actual	Budget	Prior	Budget	Prior
Container Revenue	$2,786,052	$2,746,198	$2,616,017	1%	6%	$11,043,666	$10,984,792	$10,125,695	1%	9%
Container TEU's	**114,775**	**111,157**	**101,953**	3%	13%	**482,976**	**444,628**	**431,641**	9%	12%
ICTF Rail Lifts	**1,491**	**1,500**	**1,468**	-1%	2%	**6,518**	**6,000**	**5,790**	9%	13%
Auto Revenue	$1,130,380	$1,289,746	$1,276,354	-12%	-11%	$4,874,908	$5,158,984	$5,130,349	-6%	-5%
Auto Units	**41,202**	**44,793**	**39,410**	-8%	5%	**176,744**	**179,171**	**179,301**	-1%	-1%
Military Revenue	$17,752	$140,730	$251,562	-87%	-93%	$1,546,413	$562,920	$620,205	175%	149%
Breakbulk Revenue	$420,747	$387,238	$415,934	9%	1%	$1,776,229	$1,548,952	$1,474,512	15%	20%
Breakbulk Tons	**67,579**	**64,067**	**85,173**	5%	-21%	**326,951**	**256,269**	**247,242**	28%	32%
Liquid Bulk Revenue	$127,629	$111,860	$62,963	14%	103%	$510,981	$447,440	$428,072	14%	19%
Liquid Bulk Tons	**31,569**	**22,804**	**23,901**	38%	32%	**119,594**	**91,217**	**91,657**	31%	30%
Dry Bulk Revenue	$325,086	$268,296	$208,113	21%	56%	$981,439	$1,073,184	$799,354	-9%	23%
Dry Bulk Tons	**68,745**	**126,677**	**96,704**	-46%	-29%	**268,837**	**506,709**	**437,270**	-47%	-39%
Cruise Revenue	$571,447	$529,461	$468,964	8%	22%	$2,085,952	$1,966,568	$2,114,450	6%	0%
Cruise Passengers	**17,152**	**16,863**	**14,796**	2%	16%	**63,701**	**62,634**	**67,732**	2%	-6%
Total Cargo Revenue	$5,379,094	$5,473,529	$5,299,907	-2%	1%	$22,819,587	$21,742,840	$20,692,637	5%	10%
Other Revenue	$431,930	$367,254	$538,154	18%	-20%	$1,835,736	$1,469,016	$1,454,244	25%	26%

Jacksonville Port Authority
Comparative Income Statement (Unaudited)
For the 4 months ending 01/31/2025

	Current Month Actual	Current Month Budget	Budget Variance	Prior Year Month Actual	Current YTD Actual	Current YTD Budget	Budget Variance	Prior Year YTD Actual
OPERATING REVENUES								
CONTAINERS	2,786,052	2,746,198	39,854	2,616,017	11,043,666	10,984,792	58,874	10,125,695
AUTOS	1,130,380	1,289,746	(159,366)	1,276,354	4,874,908	5,158,984	(284,077)	5,130,349
MILITARY	17,752	140,730	(122,978)	251,562	1,546,413	562,920	983,493	620,205
BREAK BULK	420,747	387,238	33,509	415,934	1,776,229	1,548,952	227,277	1,474,512
LIQUID BULK	127,629	111,860	15,769	62,963	510,981	447,440	63,541	428,072
DRY BULK	325,086	268,296	56,790	208,113	981,439	1,073,184	(91,745)	799,354
CRUISE	571,447	529,461	41,986	468,964	2,085,952	1,966,568	119,384	2,114,450
OTHER OPERATING REVENUE	431,930	367,254	64,676	538,154	1,835,736	1,469,016	366,720	1,454,244
TOTAL OPERATING REVENUES	5,811,024	5,840,783	(29,759)	5,838,061	24,655,323	23,211,856	1,443,467	22,146,880
OPERATING EXPENSES								
SALARIES & BENEFITS	2,251,615	2,186,925	64,690	2,051,670	8,367,172	8,514,893	(147,722)	7,817,275
SERVICES & SUPPLIES	602,795	648,188	(45,393)	479,514	2,505,104	2,592,752	(87,648)	1,908,463
SECURITY SERVICES	549,478	565,291	(15,813)	503,945	2,169,730	2,261,164	(91,434)	1,814,664
BUSINESS TRAVEL AND TRAINING	63,708	71,171	(7,463)	25,010	262,285	284,684	(22,399)	138,344
PROMO,ADV,DUES & MEMBERSHIPS	105,544	64,443	41,101	60,920	384,094	257,772	126,322	178,526
UTILITY SERVICES	87,885	88,576	(691)	61,850	335,426	354,304	(18,878)	234,308
REPAIRS & MAINTENANCE	232,532	231,611	921	218,236	758,362	926,444	(168,082)	775,648
CRANE MAINTENANCE PASS THRU	(99,866)	(68,750)	(31,116)	(145,932)	(382,200)	(275,000)	(107,200)	(399,204)
BERTH MAINTENANCE DREDGING	1,031,799	840,942	190,857	1,324,556	4,074,570	3,663,768	410,802	2,332,040
MISCELLANEOUS	17,548	16,226	1,322	12,184	155,669	64,904	90,765	48,427
TOTAL OPERATING EXPENSES	4,843,038	4,644,623	198,414	4,591,951	18,630,212	18,645,685	(15,474)	14,848,493
OPERATING INC BEFORE DS AND DEPR	967,986	1,196,160	(228,174)	1,246,110	6,025,112	4,566,171	1,458,941	7,298,387
NON OPERATING INCOME								
INVESTMENT INCOME	255,799	169,912	85,887	371,673	1,224,686	679,648	545,038	1,418,549
SHARED REVENUE FROM CITY	1,274,961	831,896	443,065	829,132	3,786,413	3,327,584	458,829	3,286,909
OPERATING GRANTS - SECURITY	13,272	19,792	(6,520)	-	13,272	79,168	(65,896)	9,387
OTHER NON OP INC/(EXP)	(580)	(428)	(152)	(254)	(1,624)	1,712	(3,336)	(5,398)
TOTAL NON OPERATING ITEMS	1,543,453	1,021,172	522,281	1,200,551	5,022,747	4,088,112	934,635	4,709,446
NON OPERATING EXPENSE								
DEBT SERVICE	1,225,859	1,415,408	(189,549)	1,346,008	5,151,773	5,661,632	(509,859)	5,059,822
CRANE DEMO	205	-	205	-	205	-	205	-
TOTAL NON OPERATING EXPENSE	1,226,064	1,415,408	(189,344)	1,346,008	5,151,978	5,661,632	(509,654)	5,059,822
INCOME BEFORE DEPRECIATION	1,285,375	801,924	483,451	1,100,653	5,895,881	2,992,651	2,903,230	6,948,011

Jacksonville Port Authority
Balance Sheet (in thousands)
At January 31, 2025

	January 31, 2025	December 31, 2024	September 30, 2024
Current Assets			
Cash & cash equivalents	21,624	22,697	23,210
Restricted cash & cash equivalents	2,523	1,300	8,737
Accounts receivable, net	9,741	9,874	6,815
Notes and other receivables	288	139	191
Grants receivable	6,392	5,873	7,309
Grants receivable - Cranes	-	-	18,757
Inventories and other assets	5,334	5,269	2,558
Total Current Assets	45,902	45,152	67,577
Noncurrent Assets			
Restricted cash & cash equivalents	17,562	17,461	17,298
Restricted Cash for Cap Projects	38,251	44,932	53,288
Deferred outflow of resources	8,757	8,788	8,879
Capital Assets, net	968,065	961,343	923,666
Total Noncurrent Assets	1,032,635	1,032,524	1,003,131
Total Assets	1,078,537	1,077,676	1,070,708
Current liabilities			
Accounts payable	3,309	4,736	3,876
Construction accounts payable	7,785	7,584	10,847
Accrued expenses	757	1,115	645
Accrued interest payable	1,363	908	2,538
Retainage payable	6,799	6,799	5,481
Bonds and Notes Payable	8,920	8,920	8,920
Total Current Liabilities	28,933	30,062	32,307
Noncurrent liabilities			
Unearned Revenue	19,590	19,704	19,713
Accrued Expenses	2,345	2,324	2,399
Line of credit	7,902	7,902	23,912
Bonds and notes payable	179,707	179,722	188,102
Other Obligations	6,122	6,122	6,122
Net Pension Liability	17,524	17,524	17,524
Deferred inflows - Pension	2,377	2,377	2,377
Total Non Current Liabilities	235,567	235,675	260,149
Total Liabilities	264,500	265,737	292,456
Net Position	814,037	811,939	778,252

COMMERCIAL HIGHLIGHTS

February 2025

JAXPORT

IN THE NEWS…

- **Panama Canal**
  - Federal government: China concerns
  - No local changes/impacts to date

- **Tariffs**
  - Some new tariffs now in effect
  - Additional tariffs proposed
  - Potential impacts TBD

JAXPORT

2

NEW FTZ #64 OPERATOR:
USA BIG MOUNTAIN PAPER

FOREIGN TRADE ZONES

- FTZ may defer, reduce or eliminate U.S. Customs duties
- Application and approval process

USA BIG MOUNTAIN

- Manufactures environmentally friendly medical products, including bed pads and adult diapers
- Becomes 14th active site in FTZ #64

BIG MOUNTAIN

JAXPORT

COMMERCIAL HIGHLIGHTS

CONTAINER CARGOES

- **Strong FY start continues across most international trade lanes**
  - **TEUs FYOY: +12% actual; +9% budget**
- **New Gemini Corp service begins via Cartagena, Colombia**

VEHICLE CARGOES

- **Projected to meet FY budget**

Breakbulk/Bulk Cargoes

- **Breakbulk tonnage +32% FYOY**
- **Dry bulk: Some recovery in January from early winter lull**

NEW BUSINESS EXAMPLES

NEW BUSINESS	CARGO TYPE	COMMODITY	PROJECTED NEW BUSINESS
PROJECT MOHAWK	Containers	Flooring material	1,0000 TEUs/year
SHORE MANUFACTURING	Containers	Sanitation wipes	800+ TEUs/year
PROJECT SLEET	Breakbulk	Wood pulp	60,000 tons/year
CMA AUTO UNITS	Vehicles	Passenger cars	420 units

CMA-CGM: FIRST RO/RO VESSEL AT JAXPORT

COMMERCIAL HIGHLIGHTS

February 2025

JAXPORT

Safety Report

February 2025

I. JAXPORT Employee Safety

a. Reportable Incidents

JAXPORT experienced 1 reportable incident since the January Safety Report, a knee sprain/strain

b. Training

For our February monthly safety series, we covered workplace injury and illness, provide workplace safety tips and statistics on occupational hazards.

II. JAXPORT Terminal Safety

a. Year-To-Date

For CY25, there has only been 1 security violation, a failure to maintain proper TWIC escort (4 points) at Blount Island.

Type	Number
Level 1	1
Level 2	
Level 3	
Level 4	

b. February 2025 Statistics

Since the January report, there was 1 new security violation. The violator was provided a 5-day suspension of access to JAXPORT terminals.

Post Office Box 3005
2831 Talleyrand Avenue
Jacksonville, Florida 32206-0005

AWARDS COMMITTEE ZOOM MEETING MINUTES
February 19, 2024
10:00AM

Awards Committee Members Attending

~~Mr. Robert Peek, Chair~~ **(Absent)**	Mr. Bradley Burch, Co-Chair
Mrs. Chelsea Kavanagh	Mrs. Retta Rogers
Mrs. Beth McCague	Ms. Sandra Platt, Recording Secretary
Mr. Patrick "Joey" Greive	

Other Attendees

Christopher Good	James "Tripper" Jones
Brandon Blanton	Wade Taylor
Jose Vazquez	Corelyn Diaz
Gregory Pease	Adam Conner
Brandon Braziel	Michael Johnson
Kim Johnson	Amy Stewart-Wright
Brain Capprotti	Jack Taylor
Michael McCoy	Ronald Alford
Guy Crawford	

Bradley Burch
called the meeting to order at 10:00AM

Item No. 1
AC2025-02-01
Cruise Terminal New Gangway
JPA Project No.: D2025.01 — JPA Contract No.: C-2017C
ACON Construction Co., Inc. — **$ 698,495.00**

A motion was made and seconded. The Awards Committee voted unanimously to award this contract.

Item No. 2
AC2025-02-02
Purchase of Rubber Fender Elements
JPA Project No.: 003.2030.175-A/ D2025.01/D2025.02/B2025.09 — JPA Contract No.: EQ-2036
Marine Structures, LLC — **$ 149,625.00**

A motion was made and seconded. The Awards Committee voted unanimously to award this contract.

Item No. 3
AC2025-02-03
Elevator Safety Devices for Cranes No. 8810, 8811 and 8841
JPA Project No.: B2022-13/ 14/ 15 — JPA Contract No.: EQ-1907G (Single Source)
Alimak Group — **$ 29,041.50**

A motion was made and seconded. The Awards Committee voted unanimously to award this contract.

Item No. 4
AC2025-02-04
Purchase of New Trailer Mounted Boom Man-Lift
JPA Project No.: 003.2044.178-25A — JPA Contract No.: EQ-2031
Aerial Titans, Inc. — **$ 61,350.00**

A motion was made and seconded. The Awards Committee voted unanimously to award this contract.

Item No. 5
AC2025-02-05
Hanjung Drive Room AC Replacement on Cranes 8810, 8811, 8841 and 8844
JPA Project No.: B2022.13/14/15 & T2022.06 — JPA Contract No.: MC-2045
Carrier Corp. — **$ 90,600.40**

A motion was made and seconded. The Awards Committee voted unanimously to award this contract.

Item No. 6
AC2025-02-06
TMT Berth 7 & 8 Asphalt and Expansion Joint Upgrades
JPA Project No.: T2025.04 — JPA Contract No.: MC-2026
Pars Construction Services, LLC — **$ 288,804.00**

A motion was made and seconded. The Awards Committee voted unanimously to award this contract.

Item No. 7
AC2025-02-07
Plumbing Maintenance and Repair Services
JPA Project No.: 173/175/176/188.5830 JPA Contract No.: 25-01
Turner Plumbing Company, Inc. **$ 110,000.00 (Annual Estimate)**

A motion was made and seconded. The Awards Committee voted unanimously to award this contract.

Item No. 8
AC2025-02-08
Cruise Terminal Guard Booth Relocation
JPA Project No.: D2025.01 JPA Contract No.: MC-2017B
Cogburn Bros., Inc. **$ 77,252.69**

A motion was made and seconded. The Awards Committee voted unanimously to award this contract.

Item No. 9
AC2025-02-09
Water Line Installation at the Cruise Terminal
JPA Project No.: D2025.01 JPA Contract No.: MC-2017E
Turner Plumbing **$ 85,566.76**

A motion was made and seconded. The Awards Committee voted unanimously to award this contract.

Item No. 10
AC2025-02-10
e-Builder Software License Renewal
JPA Project G/L No.: 172.5840 JPA Contract No.: EQ-1575H (Single Source)
e-Builder, Inc. **$ 85,820.00**

A motion was made and seconded. The Awards Committee voted unanimously to award this contract.

*The meeting was adjourned at **10:43 AM***

Item No. 1 requires Board Approval