



JAXPORT STRATEGIC MASTER PLAN 2020-2025

EXECUTIVE SUMMARY

JAXPORT STRATEGIC MASTER PLAN 2020-2025

EXECUTIVE SUMMARY

JAXPORT's 2020- 2025 Strategic Master Plan was developed by JAXPORT's senior leadership team with support from international maritime consultant Martin Associates. The plan will serve as JAXPORT's roadmap to success over the next five years.

Based on detailed market, facilities, financial and economic analyses of JAXPORT's operations, the plan is designed to be a living document that is reviewed on a regular basis, incorporating new information and developments, and refining market projections and opportunities.

JAXPORT's previous Strategic Master Plan was completed in 2014 and focused on infrastructure. This new plan is designed with the success of our customers in mind. It also builds on the opportunities created by the completion of the projects outlined in the previous plan—including deepening Jacksonville's harbor to 47 feet and improving our facilities to accommodate the world's largest ships—and focuses on growing JAXPORT's revenue and volumes.

The 2020-2025 plan includes 10 goals, including four key initiatives, as well as five aspirations that together will lead JAXPORT and Northeast Florida into the future.

JAXPORT'S ASPIRATIONS

- Strategically grow annual throughput, revenue and private-sector jobs
- Incorporate eco-friendly and “green” elements in infrastructure, equipment and facilities
- Deploy technology to bring more efficiency to port operations
- Operate with reliable, well understood landlord practices
- Further develop our team's capabilities

JAXPORT's strategic plan includes 10 goals, anchored by four key strategies:

KEY STRATEGY 1: EXPAND CONTAINER BUSINESS

JAXPORT has enjoyed significant growth in cargo volume and trade lanes over the past 20 years. Since 2013, containerized cargo at JAXPORT has increased by more than one million tons annually.

Continuing to grow JAXPORT's container volumes and vessel service is a high priority.

Containerized cargo represents 50% of JAXPORT's total gross revenue annually, and it creates the most jobs relative to any other cargo types, with 0.85 jobs created per

1,000 tons of containers handled. JAXPORT is now the busiest container port in Florida and the tenth busiest in the United States measured by number of annual TEUs.

By year end 2022, Jacksonville's harbor will be deepened to 47 feet and our SSA Jacksonville Container Terminal at Blount Island will be ready to accommodate increasingly larger container vessels calling the U.S. East Coast, with related crane and berth infrastructure in place. Gaining new business in the container segment rationalizes these significant investments made by both public and private partners.

This capability is supported by many other strengths at JAXPORT, including congestion-free terminals, customer-friendly operations and an industry-recognized ease of doing business.

JAXPORT's plan calls for focus on attracting new ocean carrier calls. In 2019, a total of 32% of container tonnage handled by JAXPORT originated in Asia. Asian trade has grown consistently since 2009 when the TraPac international terminal opened on Dames Point. Key to this effort will be attracting carriers from trade lanes transporting cargo through both the Panama and Suez canals.

JAXPORT will also build on its leadership role in the Puerto Rican trade, and is poised to attract more ship calls in the North-South trades while growing offerings in Trans-Pacific and Trans-Atlantic service.

Historically, JAXPORT's most significant trading partner is Puerto Rico. JAXPORT's market position with this partner remains dominant with over 85% of all containerized exports and imports moving between the U.S. mainland and Puerto Rico handled at JAXPORT. The three large Jones Act carriers handling this cargo (Crowley Maritime, TOTE Maritime and Trailer Bridge) are headquartered in Jacksonville. Each of these domestic carriers has diversified their business beyond Puerto Rico, into the Caribbean and the Americas, creating new business opportunities for JAXPORT and our customers. JAXPORT will continue to partner with these carriers, as well as global carriers and service providers, to identify and secure new container business for Northeast Florida.

Key initiatives to grow our container business include growing vessel service across multiple trade lanes; capturing Florida-bound cargoes entering the state through non-Florida ports; and growing the number of import distribution centers located in Northeast Florida which can be serviced by JAXPORT.

KEY STRATEGY 2: EXPAND VEHICLE CAPACITY AND VOLUME

JAXPORT's Strategic Plan calls for strengthening market position in vehicles and other rolling cargoes, leaning into JAXPORT's long-established role as one of the nation's largest vehicle handling ports measured by number of units handled.

To grow vehicle volumes, JAXPORT recognizes that space to accommodate auto processing is in high demand. In order to maintain our market position, we must support our customers' needs by providing more acreage and keeping congestion-free berths available for ship calls. One of JAXPORT's strategies within its plan is to acquire additional land to accommodate this and other port-related growth.

Today, auto processing tenants occupy more than 313 acres of auto storage at JAXPORT, with the majority of vehicle imports originating in Japan, Mexico and Germany. JAXPORT's strongest export trade vehicle lanes are the Caribbean, Africa, and the Middle East.

To build on our strength of diversification within the Ro/Ro sector, we will also work to continue to grow the project cargo segment, building on the advantages created by our skilled labor force and outstanding reputation in this line of business.

KEY STRATEGY 3: EXPAND BREAKBULK BUSINESS LINE

JAXPORT aims to provide additional facilities to meet customer demand for growth in breakbulk cargoes.

JAXPORT is experiencing increasing demand from the market for additional warehouse space for breakbulk products. Already an important line of business for us, creating additional accommodations for these products will help maintain our diversified revenue stream.

This includes new space to accommodate forest products, JAXPORT's largest breakbulk cargo commodity.

As a landlord port, JAXPORT will continue to refresh its current facilities, operate with clear and consistent practices, and maintain our facilities in order to provide a safe environment for tenants.

KEY STRATEGY 4: ACQUIRE ADDITIONAL LAND IN PROXIMITY TO THE PORT

With nearly 100% of JAXPORT's current property under long-term lease agreements, it is imperative that JAXPORT acquire additional property to accommodate customer needs and reach JAXPORT's potential.

Waterfront and/or near waterfront property will be acquired to accommodate this demand. JAXPORT is working to identify land near our terminals that will provide room for growth over the next two decades and beyond.

Strategy 5: Complete Harbor Deepening

Critical to attracting new container carrier calls is the completion of the deepening of the Jacksonville harbor to 47 feet from its current 40-foot depth.

This crucial effort will propel JAXPORT to be able to handle cargo transported by the world's largest vessels.

Construction on the 11-mile portion of the project commenced in 2018, and contracts were issued in three separate awards. The project was successfully funded using federal, state, and local funds, as well as bond proceeds and tenant contribution. This project is expected to be completed in 2022, three years ahead of schedule, and \$70 million under budget.

In conjunction with the deepening, by 2022 we will have completed the rehabilitation of berths 33, 34 and 35 to provide 2,700 feet of deep-water berths, enabling Blount Island to simultaneously accommodate two post-Panamax vessels.

Following completion of the project, we will maintain post-construction environmental testing to ensure the continued health of the river.

A deeper harbor maintains our competitiveness, strengthening our growth in the international trade lanes and growing well-paying jobs in our community for generations to come.

Strategy 6: Create Revenue from All Property Owned

Of the 1,512 acres owned by JAXPORT, few parcels are undeveloped. Building out these areas, will make full use of our land resources and provide tenants the opportunity to expand their businesses.

Strategy 7: Rebuild Cruise Business Line

JAXPORT has long enjoyed an excellent relationship with the cruise industry. We continue to prepare for the return of our homeported ship, Carnival Ecstasy, post-pandemic.

In addition, we will seek to attract another cruise call to bring more tourists to our region.

Strategy 8: Invest in Technology Solutions that Improve Efficiency of Port Operations

In addition to our focus on increasing business in all cargo types, our plan is forward-looking, calling for investments in technologies that will improve our operations while responding to customer desires to have visibility into their cargo moving through our port.

Improving our use of existing technology and introducing new technologies to improve operational efficiency and cargo visibility will be a high priority for us as we

modernize processes. We will also work to optimize applications that are already in use to improve operational efficiency.

The market is demanding that we provide access to information about their cargo as it moves through the port. Investing wisely in technology solutions will allow us to meet the demands of today's cargo owners.

Strategy 9: Prioritize Investment in Infrastructure, Equipment and Facilities

JAXPORT has a history of successfully completing significant capital projects. We will continue to upgrade facilities to keep pace with market needs.

Modernization of the International SSA Atlantic Container Terminal on Blount Island is underway with deepwater berths on track to be completed by spring 2022. Terminal improvements by SSA, to begin in the summer of 2021, will be completed by 2024. Improvements detailed in the plan include the upgrading of up to 120 acres of pavement, lighting, gates and three additional post-Panamax cranes.

These significant improvements are designed to keep JAXPORT competitive and attractive to ocean carriers as vessel orders show a continued increase in vessel sizes.

We will also expand capacity of our dredge material management area (DMMA) sites to accommodate our growth.

JAXPORT will also maintain facilities at all of its cargo, cruise and rail operations to meet customer demand.

Strategy 10: Build on our Core Competencies

Through the years, JAXPORT has developed core competencies in areas of brand management, employee development, financial reporting, and safety.

Our plan builds on these competencies and focuses efforts on several key areas:

- **Brand:** We have established the JAXPORT brand as one with a reputation of excellent customer service and ease of operations on our terminals. We will continue to build on this reputation, broadening our reach to the international marketplace.
- **Reputation:** We have excellent relationships with key financial constituents - our bankers, investors, and rating agencies. We will maintain our reputation through financial integrity and transparency in all of our financial communications.

- **Workforce development:** We will continue to provide training to our talented workforce with emphasis on developing collaboration, versatility, communication and technical competency skill sets.
- **Safety:** We will build on our strong safety culture in operations and construction activities. The safety of our employees, those of our tenants and all workers who operate at the port is paramount to our on-going success.
- **Environmental stewardship:** We will develop a long-term resiliency stewardship program. Reducing emissions will be a new priority in our plan. We will balance terminal improvements and repairs between capital limitations and environmental impact.
- **Stakeholder engagement:** We will engage our stakeholders to gain support for our strategies. We will invest in key community programs to raise awareness of the St. Johns River and its economic impact on our region.

JAXPORT has built a history of success through disciplined planning and implementation of our goals. Our commitment to our customers remains paramount.

Our Strategic Plan requires vision, leadership and an unwavering commitment to fulfill our mission of creating jobs and opportunity for Northeast Florida by offering the most competitive environment for the movement of cargo and people. The plan challenges us to deliver the growth promised by the Harbor Deepening project. Through the dedication of our employees and the support of our partners and tenants, we will meet the challenge.