

SPECIAL BOARD OF DIRECTORS MEETING
Jacksonville Port Authority
2831 Talleyrand Avenue
June 7, 2012

A meeting of the Jacksonville Port Authority Board of Directors was held on Thursday, June 7, 2012 at Port Central Office Building, 2831 Talleyrand Avenue, Jacksonville, Florida. Chairman Reginald Gaffney called the meeting to order at 9:05 a.m. and welcomed all attendees. Mr. Citrano led the audience in the Pledge of Allegiance and then Dr. John Allen Newman led the Board in a legislative prayer.

Committee/Board Members Attending:

Mr. Reginald L. Gaffney, Chairman
Mr. Stephen D. Busey, Vice Chairman
Mr. James P. Citrano, Treasurer
Mr. Joe York, Secretary
Mr. John Anderson, Member
Mr. John Falconetti, Member
Dr. John Allen Newman, Member

Other Attendees:

Mr. Paul Anderson, Chief Executive Officer
Mr. Roy Schleicher, Executive Vice President
Mr. Michael Poole, Chief Financial Officer
Mr. Chris Kauffmann, Chief Operating Officer
Mr. Eric Green, Sr. Director, Government & External Affairs
Dr. Johnny Gaffney, City Council Liaison to JAXPORT
Ms. Cindy Laquidara, General Counsel
Mr. Gayle Petrie, Assistant General Counsel
Ms. Becky Dicks, Board Secretary

Chairman Gaffney started the meeting by thanking the board for coming today and thanked the board for sacrificing their time; however, he stated the need to address the real reason why we are here today and that is to create a matter for process. Chairman Gaffney stated that in his last five years on the board, he has learned just how much time and energy this board requires, and he thanked the board members for their time. He wants to ensure there is a policy in place that outlines the process and guides the board as to whether unsolicited bids do or do not fit the board policy for economic growth and job creation. He stated that as we all know, I love my hometown, we are doing ok, and growing slowly, but we all have to be honest about the port that we love. Other east coast ports these last few years have grown, and as I have been saying one reason for our slow rate of growth is that certain key policies and processes are either outdated, or need to be improved, to serve the port's best interest in today's global

market place. I'm talking about port policies and processes on both economic development and to improve the job place. This is an extremely important time for growth potential at this Port, and I'm glad to see it sounds like there are lots of private interests in our port growth. Also, policy and establishing processes is a board job. Over the last couple of months we have attempted to schedule a board workshop to consider updating our policies for investment and growth in economic development. Other ports, like Baltimore for example, updated, created, and implemented their policies three or four years ago and since using those updated policies, they have made a significant jump over my home front; so as I call on Paul for his presentation, let me say again, it is well past time to update our policies on investment, growth and implement a process that will give us a market place advantage over competitors like Savannah and Miami. Let me ask again for a little more of your precious time, look at your schedules in light of the issues brought up today, more importantly, we can either choose to be reactive or proactive going forward. Let me have Becky call each of you to determine when the best time would be that we can fulfill our obligation to this agency. I wanted to read this for the record because I think this is very critical of where we are at today and I think we can move forward with this agenda.

Chairman Gaffney stated that we have some elected officials here with us today and he would like to introduce Mike Weinstein and Janet Adkins; he then asked them if they would like to come up and speak before the meeting.

Mike Weinstein stated that in the interest of the state, and this relates to the ferry, not the issue of today, that he wanted to make sure that the board was aware that the potential stakeholders in the ferry have met a number of times with the city, the Department of Transportation, a number of different entities, and no one is trying to establish a process where you keep the relationship with the ferry long term; we understand that you are going to get out and no one is objecting to that or fussing about that, but we are trying to develop a mechanism where we can get a minimum of nine months of an extension to get us back in session to try to deal with this. In discussions with the Department of Transportation, they are looking to the community to step up and say we want to try and keep the ferry; we want to make the decisions in a logical process, we don't want to be rushed to do it, and they are willing to put in matching funds if the city and the port is able to do something; so we are not looking for port to take on the responsibility of the deficit for the next year, we are not looking for the port in the long term to keep the relationship with the ferry, but as a heads-up, we are probably going to come back to you and ask you to consider a nine month extension with the ability to potentially bring in city money and state money to help with the deficit for that nine month period, and that to me is an opportunity to become heroes rather than necessarily provide a problem. The state also wants to remind the board that the majority of your capital improvements over the years are state funded and that's just something in the back of your mind as you consider whether in the future you would be willing to for a period of months to extend the process while we work out the long term situation for the ferry. As a heads up, those discussions are going on and we anticipate a formal request coming back to you to see if you can be a relatively small piece of a

solution that will give the community and the state and the legislature a period of time to work out a better solution for the future.

Janet Adkins then thanked the board for an opportunity to speak. She stated that she knows the board is familiar with the deficit that the ferry has been running, but when you consider the important transportation link that it provides to many of our citizens, I believe it is worth the investment. It is an important transportation link for the city, so I think it is important that we have this link and continue the rich history of this ferry. She has been meeting with the FDOT going back to January, and she knows some of you have been involved in those conversations. But we are looking for a partnership between the FDOT and they have indicated a willingness to step in and provide some funding but as Rep. Weinstein said, we are looking for some help from the community. I am asking you to please strongly consider supporting this initiative. I know we also have capital needs that need to be addressed anywhere from \$10 to \$12 million dollars, but we believe we have identified some resources that will be helpful in that regard through other business communities and from federal dollars. The Florida Navigation District has indicated there are some dollars available for capital improvements, so I believe if you can work with us over the next nine months, give us from September or October through June 30, then we can be successful. Once we shut the ferry down, it is gone for good, so I think it is important to pay attention to process and I think we give every effort possible to the continuation of this very important transportation resource.

Mr. Weinstein then stated that he wanted to make it perfectly clear that the Secretary of Transportation wants it to be clear that they will consider assisting if, in fact, the community steps up. That is one message that I want to make clear to the press especially that there is no obligation at this point; we have had very good meetings. There is no element of this process that is looking to you or asking you to keep it; we are just looking for a little bit longer window of time to make sure we make right decision. I appreciate the opportunity to come before you today.

Chairman Reginald Gaffney then asked Mr. Weinstein if he planned on coming back to the board with a timeline or something from FDOT that he could bring to the table to help the board.

Mr. Weinstein stated that his anticipation would be that within the next four to six weeks to approach the board in some way to see if they would be willing to extend for a period of time; again no longer than twelve months but no shorter than nine months, to allow us to get into legislation and also to put up a piece of the assistance for the deficit but not in any way half of it or a large part of it, and he wants to make sure that all the elements whether its Nassau, the Beaches, the City of Jacksonville, TDC and the State, that everybody has to participate to show their willingness to try to get this on the right footing; we don't want to lose the opportunity to make the right decision but we need a few more months, this is just too quick.

Question by Dr. Newman: Because of media presence, I would like some clarification on something. You indicated that you are asking for nine months to a year; then you reminded us that our funding comes from the state – that could be interpreted as being a threat that if we don't do it, it could affect our funding, so I would like some clarification.

Response from Mike Weinstein: It is information or a reminder, it is not implied as a threat; it may be inferred as you take it in, but it was mentioned to me as we try to get a solution of all the players that the state participates to a very great extent in the capital improvements that you, as well as all the other ports do, so as we look for partnerships we have to look for solutions and partnerships on many scales and this one is a relatively tiny scale when you think of the potential money that will be needed to keep it going for nine months. It is a reminder, and it can be inferred in any way that you like it to be, but it wasn't implied as a threat, it was implied as a reminder that the state has been partnered with us for many, many, many years and wants to continue to be.

Lake Ray, Sr. then read a letter to the board from Peter Richards, Managing Director of GulfTainer Group of Companies, who wished to advise the board that his team is completely open to continuing the discussions they commenced on March 23, 2012.

Chairman Gaffney then asked CEO Paul Anderson to begin his presentation.

Mr. Anderson stated that it is nice to be here today with so many of our engaged community stakeholders, customers, interested community citizens and leaders in our community, and also our board members who are volunteer board members and who give so much of their time to this community and they give their leadership, guidance and policy to our staff; I also want to recognize a few people, Charles Spencer who represents the ILA, and one of our former chairmen, Marty Fiorentino - thank you for your former leadership to this organization. It is nice to see that we still have engaged former board members.

Mr. Anderson stated that he appreciates the opportunity to update the board and the public on our business development efforts. As we all know, JAXPORT represents community assets which are poised for significant growth in the coming years. Our port is rightly considered one of the mainstays of North Florida's economic vitality. Our story and our potential have caught the attention of the global market place. We can be discerning and plan our future carefully; we do not have to accept situations that are less than perfect at a less than optimal time. Simply stated, JAXPORT is in high demand. We are actively seeking ideas and constantly fielding inquiries from businesses and investors wanting to see what JAXPORT might offer them. This is a very common occurrence at America's international ports. These are businesses and investors with power and money – make no doubt about it but our job, both staff and board, is to ensure that the benefits to the community, to the region, the state and the nation are guaranteed as well, and thank you very much for our state stakeholders and leaders here, Rep. Adkins and Weinstein, and for the support you have given Florida's ports in the last fifteen months. It has been a game changer for Florida's ports with over

a quarter of a billion dollars statutorily committed to support Florida's ports. The decisions of our board and staff are of critical importance to our nation, as we are one of the country's twelve strategic national defense ports.

As you know, one of the many unsolicited inquiries we received recently came from Gulftainer back in March. We held a meeting with officials from Gulftainer and gave them a tour. Gulftainer's staff made a Power Point presentation that included their assessment of our facilities, our position in the marketplace, and some of their suggestions for doing business with us. In essence, Gulftainer wanted to take over some of our most valuable community assets for thirty-five years with the possibility of investing up to \$250 million dollars in the infrastructure on that property. I advised the board members at that time of the meeting and our concerns that Gulftainer wanted to take over significant acreage, specifically at Blount Island. They did make it clear in their presentation that their concept was centered on Blount Island and Blount Island only. That's problematic because that's where long term, valued customers now operate. They are customers who have grown with us to this point and have been asking to grow and invest in us and this community further. These are customers whose businesses represent hundreds of millions of dollars to this community and thousands of jobs to this community - right now – today. As in any business, one of the most critical elements of success is taking care of your existing businesses - committed customers - especially when they are telling you that they also stand ready to invest in your future. We are constantly being competed against for existing business. Just recently, we had a terrific announcement. Honda was going to stay here at JAXPORT. We had five ports aggressively competing for that business. Those cars for export are being manufactured in Ohio and most of us have had good geography lessons - there are a lot of other ports in between Ohio and JAXPORT that Honda could have made the decision to go to, and let me tell you - all of these ports are key competitors. Every day they are out there in the world trying to take this community's jobs. Our job is to keep our existing business and to keep our existing customers who we so highly value for the investment and long term commitments they've made. In particular, we have leases at Blount Island that total hundreds of years with existing tenants. We have some of the largest customers in maritime transportation terminal operating companies in the world. Some of those customers are here today and they reached out to us very proactively to come here today to address the board. I'm going to call a few of them starting with Mr. Jack Craig, Chief Operating Officer, Sr. VP of APM Terminals, one of the largest terminal operators in the world and one of our best and longest customers at Blount Island from Portsmouth, VA.

Jack Craig: Thank you for your time. For those of you not familiar with our organization, we are the third largest container terminal operator in the world. We have a fair understanding of what it takes to compete both globally and here in North America. In the United States, we have eight operations, and around the world we have over fifty-five active terminals right now and a number of significant development projects. First, I want to recognize and state what a fine job that the organization is doing that you have in place today. Paul and his team, Roy and his team, and all the people at JAXPORT that work on our behalf and on behalf of our customers to continue

to grow and develop this port has been very good. We particularly like the direction we see the port heading right now. We are able to work with them on a very pragmatic and practical basis and get things accomplished working through the daily operations. We clearly have a long term vested interest in JAXPORT. We have been here for decades and we have a significantly long term lease and we see JAXPORT as a very strategic place for us in the future. Our interest here is to grow the business. Our interest here is to work with JAXPORT, to work with our customers, and our customers' customers to continue to develop this port and move it forward. We obviously are concerned about any offer that would remove our ability to operate here in the future because we think we have a future here. So, we are hoping that we can continue our relationship with Paul and his team and continue to move forward and grow with JAXPORT here in the future.

Mr. Anderson then asked Terry Brown, CEO of Diversified Port Holdings, Seaonus/Portus - Jacksonville, Florida, to speak.

Mr. Brown reiterated Mr. Craig's comment about the executive management team here at JAXPORT. All of us that have multiple port operations and work with various levels of executives throughout the port industry, and this is one of the strongest teams that we work with on a day in, day out basis. They get it – they understand the tenant, the customer and they do a great job.

First, I want everyone to understand our relationship with JAXPORT. Diversified has approached the port on several different occasions. We just recently increased our twenty year lease to a forty year lease at Blount Island. We have twenty-five acres there directly and we also operate Sea Star. In addition to that, we also handle the Marine Corps as well as the 832nd stevedoring services, so we have a large amount of operations on Blount Island today. So obviously when news broke on Gulftainer, it was something of very much interest to us since we have a large presence there. Second, we have a large operation over at Talleyrand as well. Both have long term leases and have major commitments to the port. So from that aspect, we approached and talked with the executive management team about wanting to invest additionally in the port. We understand there has to be a plan. We are one of the tenants at Blount Island that if you are going to do something on a major scale at Blount Island, you are going to have to relocate us or financially compensate us. Either way, it has to be considered. Not something that can be taken care of overnight. I'm sure there will be lots of discussion about what is fair and not fair and probably someone might threaten to sue someone before it's over with. That's just the way it works. But there needs to be a strategic plan brought forward and then go through an RFP process. That way you bring the strongest, best and the most qualified people - if that is what you want to do. You don't go and start negotiating with one company. I'm not even sure this company would be qualified. We don't have to go very far back to remember what happened in the Miami Port a few years back. This could be the same situation. Any foreign company that comes and invests is going to have to be qualified through the United States government. The other thing I don't really understand is if there was a decision that this doesn't fit, why is it getting so much media attention? So you have to question what is

driving the media attention. I have to say it looks like a sound business decision from what I know and from my discussions with the port that there needs to be a master plan. That master plan may or may not relate to a 100 acre container terminal at Blount Island – I don't know, but that is something that needs to be decided and consulted with by experts as well. So I'm very confused with regard to the media attention about why it continues to be pushed and pushed. It makes me wonder what's below that – is there anything below that? Is there something of economic gain for someone to be derived from this by GulfTainer getting a 100 acre lease? It begs me to ask the question. So, I just want to impress upon the board that as a tenant of Blount Island and Talleyrand, but more importantly Blount Island, you need to have a really good plan because once you start relocating or dismissing or removing businesses from Blount Island, you better have a well thought out plan as to how you are going to do it, and it won't be done overnight because other facilities have to be taken care of before you choose to handle the new business.

Then Mr. Anderson introduced Mr. John Callihan, CFO of Amports, and his board member, Mr. Steve Taylor.

Mr. Callihan stated that Amports is a company that participates in the automotive services industry. We handle imports and exports throughout North America. We have nine locations in the United States and Mexico, and we handle every major OEM in the world – many of those here in Jacksonville. We have over 25% of our U.S. volume right here in Jacksonville and as recently as five or six years ago, we relocated our corporate office back here, so we very much consider this home. We have been operating in Jacksonville since the 1950's. Some of the words I heard earlier are teamwork, jobs, investment, and we certainly are a company that is committed as some of the others that have spoken here to invest in Jacksonville. This is a place where we work from a team perspective with Paul, Roy, Alberto and we all participate in meetings with current customers and potential customers, and these customers have enjoyed hearing that Jacksonville is a very friendly port and committed to that. Paul mentioned competitive ports and we face that every single day. In the Honda business you mentioned, we have not just the east coast, it's also the gulf ports – we receive cars for export from Texas, Alabama, Ohio, Kentucky, you name it – and those cars pass by a tremendous number of competing ports and these guys are out there every single day selling Jacksonville. When you start to see the announcements and publicity – trust me because we are already receiving calls from our customers asking if Jacksonville is a place that we can be long term - that is one of the things they look for in ports - they look for sustainability and security. They do not make logistical changes on a whim. Once those decisions are made to leave Jacksonville or go to another port, those decisions are not taken lightly. They aren't coming back for a long, long time. It will take another location doing something wrong to get that business back. I think everybody here from a job perspective – you mentioned thousands of jobs – we are on a daily basis employing almost 300 people full time. We are running multiple shifts and these people are obviously concerned. From an overall perspective, I think everyone in this room is supportive of growing the port. Everyone is in favor of that, and I think it is just a matter of doing it the right way and that needs to come at the expense of long

term customers. We have long term leases and we want to be here a long time. We have been here 50 years and we love Jacksonville. It is a strategic port for us and very important for us and all our employees.

Mr. Steve Taylor stated also that as a member of board of directors for Amports, they are pleased with the results they hear as well as the reports they get about the relationship with JAXPORT and Amports, and they are looking to grow down here as well – no doubt about it. They want to invest in Jacksonville and they want additional space. As everyone mentioned, Blount Island is tight right now and to pull up the amount of acreage that this particular company has brought to your attention is just not possible. We are not opposed to them expanding somewhere else, but it can't be at Blount Island because you have to look at the existing tenants that have been here and have shown the ability to invest in the future here. We want to be here, we want to grow here.

Mr. Anderson reminded the Board how critical it is to diversify our cargo and how it keeps our port growing unlike any other port in country even through the worst recession our country has seen since the great depression. He stated that a big part of that is because we have RORO automobiles, heavy equipment calling at JAXPORT and rather than see a 30% decline in our business in 2008, which many of our competitors have seen - just put into perspective that if we have a \$51 million dollar budget, we would lose \$15 million dollars of revenue if we were heavy in all containers. So the blend of business we have - the military, the break bulk, the bulk, the liquid bulk, cruise, land lease, are very critical towards sustainability to our bond payments that we have funded and our expansion, and it is extremely important that our customers such as Amports can be able to say with certainty that they have a long term commitment from this port and that we will honor our leases. This was one of the biggest concerns that the concept was explored, particularly at Blount Island, that the customers would have already advised us that they may be hedging their bets and possibly looking at other ports because of the confusion that they have seen.

Gary Davis, Director of Operations, WWL Vehicle Services stated they have been with port since 1985. They have had a long term lease with JAXPORT and appreciate the cooperative relationship with the port. When you only have a certain amount of acreage at Blount Island, you can only do what you can do. He stated that going back a few years to the early 1990's - Akia and Daewoo were here and they were looking to merge ports because there wasn't enough land. They actually worked with DOSS Distribution Auto Service and they worked with Amports - they tried to collectively keep that business in Jacksonville but they weren't successful in it, but that is the way as competitors they tried to work together to keep jobs in Jacksonville. They understand the logistics, the infrastructure that's involved in that – keeping the carriers here – keeping jobs for the community. We weren't successful – they ultimately left. We lost 180 jobs. We came back and have increased back to full capacity and we would love to double in size if there was space. He stated that they have customers who come to them and have had to turn them away since there isn't enough land. What we have done internally as an operator is that we have gone to work in three shifts – do more

with less. It's unfortunate when you have customers that want to do business and you don't have room. We have multiple locations in North America and we operate at many of the assembly plants - we are at Nissan, Infinity, Volkswagen, Subaru, and Honda, so we have longstanding relationships and they are asking us for information as to where do we send our products. We would love to send to them to Jacksonville and bring more jobs to this community but unfortunately there is no land. I request the board and Paul really think about a strategic plan. You have long term customers who want to expand and bring jobs to this community.

Mr. Anderson stated it is also worth noting that in the last month we went through an extremely successful operation that he would like to share. We were asked by the 832nd logistics provider for the military to handle on an emergency short term basis the export of foreign military sales - military equipment. They were looking for 40 acres to stage their equipment. I'm here to tell you that if hadn't been for some of these customers that we wouldn't have been able to pull it off. I'm also proud to tell you that last week we had a 4 Star General here at JAXPORT - General Fraser, III, U.S. Air Force Commander of Transportation. Our team and existing customers pulled this off and made JAXPORT look like a star. Consequently, during General Fraser's visit and tour, plus my getting to spend quality time with him, he was most impressed with JAXPORT and stated so to us and his team. We will see an increased robust military cargo movement through JAXPORT as a result of our ability to respond to the United States military. It is just another example of how critically limited our space is, but in this case we were able to rise to the occasion for our United States military and move the ball across the goal line. We shined and I'm proud of it, but our customers have reiterated here today some of the same challenges that we have.

Mr. Dennis Kelly, VP of TraPac Terminals made remarks about incorrect data used in the GulfTainer presentation. First, TraPac strongly supports Paul and his entire management staff. Paul has had major accomplishments and contributions to the local maritime community. Timing has not been kind to MOL TraPac due to the worst recession in years; however, TraPac has always had a long term plan and vision of making Jacksonville a gateway port due to the natural resources and the full range of logistical opportunity that no other southeast port has to offer. Especially once major projects, such as Mile Point, are completed. This will truly take the port of Jacksonville to another level and will be a huge reward – jobs mainly – for the city of Jacksonville and state of Florida. To point out a few major troublesome and inaccurate statements such as a 175 ft. air draft as a major issue is incorrect. MOL, one of the world's largest and oldest vessels on our operations would not make a \$300 million investment in a container terminal that was doomed to fail because of lack of air draft. Dames Point air draft is manageable. Also, to set the record straight, container terminals do not move freight. We only handle containers. Shipping companies, such as MOL, move and control cargo around the globe. Therefore, a container terminal would not be supportive of a parent company and can't give a credible guarantee. Point in case - a percentage of the container terminals in the United States' largest container ports of Los Angeles and Long Beach are owned by parent shipping companies. Furthermore, the presentation of comparison terminal efficiencies is questionable. TraPac is known

throughout the industry as one of the most productive and efficiently run container terminal operators anywhere. TraPac acknowledged that the ports of Savannah and Charleston are the most productive and cost effective in United States, and for TraPac, we must match or improve our performance to compete with them. In other words, among the southeast ports, ports competition is the real driver. If you can't compete, you can't survive. We think competition is good and if Gulftainer can work within the means of what JAXPORT has to offer, we welcome them. Basically, the larger the industry, the better it is for all of us but we believe the way this whole issue has been handled has need for some damage control from where we are, and I don't think it was done properly, and I hope with these types of meetings that it can be resolved. We have made a huge investment here and we believe in our investment has a vision for the future of Jacksonville.

Mr. Anderson then asked Mr. Kelly to clarify whether or not he thought this issue had been handled properly, and Mr. Kelly stated that we all have issues since we have been here but that is part of business. It should be worked within the management group that has the power and authority and be brought to the board. We have had issues with dredging and Mile Point, but it's something that can be worked out and you take the issues and deal with them internally. You don't clean your laundry in the media.

Mr. Anderson wanted to make sure that we have responded to the major tenants concerns and Mr. Kelly said yes.

Mr. Anderson then thanked all of these globally respected companies who are the best in their business for taking time from their busy schedules and who thought it was important enough to come and make comments before the board today. We are blessed to have terminal operators and leadership such as those that came before the board today and fortunate to hear from and have terminal operators that operate containers and terminal operators that operate RORO. Again that mix is critical to our future.

To recap the issues at hand, while the concept proposed by Gulftainer was intriguing, they ignored some facts such as the orderly and systematic process we have been crafting to solicit proposals from a wide base of interested parties; the open and competitive public process which we intend to run to maximize the value for JAXPORT's existing terminals; the balance of existing businesses and customers that occupy much of the site that is in question. We did tell Gulftainer what we have told all parties that are interested in sharing in JAXPORT'S bright future. We are recalibrating the Port's strategic master plan to take into account the rapid changes in our industry, the increasing scarcity of public funding, and the incredible opportunities ahead for Northeast Florida, Jacksonville, and JAXPORT. We are appreciative of the energy and ideas that everyone is bringing to table, but we won't be pressured into a timeline nor a situation with business ramifications that go well beyond the headlines. Our brand is growing both domestically and internationally, and we have a responsibility to protect that brand. As I have clearly articulated to the board, the Gulftainer timeframe concept was demanding and is not good for our community and port at this time. JAXPORT is in

high demand; we can, should, and will control our future with the board's guidance and support. We are acutely aware of the opportunity that public private partnerships can bring, especially to our Port's space. We have watched as Oakland, Baltimore, and Wilmington have all afforded themselves of such partnerships and brought in meaningful private investment capital. Just last week, Mr. Craig's company, in a bidding process, completed a \$3.5 billion dollar bid offer to the Port of Norfolk and I would likely say they would be interested in a future opportunity that this board might look at for public private investment.

The Gulftainer concept did not refer to any such direct payments to JAXPORT. It is and has been our intention to engage in public private partnership discussions to the board which we have done over the past year and will do over the next few months. Our management team has the core competencies to evaluate and recommend projects to our board for consideration and we will continue to do that. We are closing in on the path to maximize this port's job creation and economic potential, and I highly value this board's guidance just as I have every day of the past sixteen months.

I felt like I had a clear mandate from our board to make this a tier one port when I came here, but the port's we aspire to be like all have clear visions, comprehensive master plans updated to reflect current realities. We are making generational decisions - decisions that will impact my young son. So when we make these decisions, my son, your children, grandchildren and many generations to follow will have a strategically led vision that had been followed to provide jobs and economic vitality to our community and our state. We will soon bring best practices to our board for our leading edge master plan for our future - the best future possible. I have a brief slide presentation on the steps needed to complete our updated strategic plan if the board is interested later in this conversation; however, here are my recommendations to the board:

If we can carry on and continue the robust intense strategic master planning effort that we began over a year ago and continue working with the FDOT, as we have for the past eight months on a \$300,000 dollar grant which we have been awarded specifically for strategic master planning to help get us there, then I recommend that we accept that grant and that we put out a RFP. If decided to do so by the board, during the next several months we will carry out the next steps of this ongoing effort and our ongoing strategic master planning process. I can't reiterate enough how critical this process is in the master planning process and our competitors have them. I had the opportunity and privilege to serve as the Federal Maritime Commissioner which regulated the entire industry of the ports in America. During my five years, I had the opportunity to visit over twenty-five ports. During my visits to these ports, many of our competitors today, my now colleagues, port directors, chief executive officers, the ones that were doing master planning processes always made it a point for me to see their master planning process. Many of you were asked when I first got here, including many of the media, why was Miami ahead of us in the dredging process? Because they got the 2007 water bill, the last water bill that was passed. Why did they get in that bill in 2007 and we didn't? When I saw their plan strategic master plan back in 2003, it included dredging their channel to 50 feet and they had a plan. Why did they have a billion dollar funded

tunnel? It is because they had a strategic master plan. Another competitive port here in Florida - Port Everglades has a robust, comprehensive strategic master plan which includes the realignment of some of their docks, rehab of their wharfs, an ICTF, on dock container, on dock rail - these are critical components of a fully comprehensive master planning process, and I recommend to the board and ask the board today for your approval to continue this master planning process.

Chairman Gaffney then stated that being Chairman is not as easy a task as you may think because whenever a new company or new opportunity comes to Jacksonville they go to the Executive Director or Chairperson. During my last six months of being Chairman, I have had talks with several companies who have had an interest in JAXPORT. You listen and you don't know what's good or bad. Someone asked me if I'm being pressured - I deal with pressure every day. I will tell you a little bit about Gulftainer, and I will tell you what I think we need to do. I was at that meeting and also had chance to talk to Mr. Richards, so to understand maybe some of the media excitement, what I heard was this - \$250 million – that would get everybody excited – not knowing the details or what management can do or what they can't do. I heard in five years that they would double our containers – five years for someone to tell you they will double your containers and put what was the third thing – that was catching to me – was that they would put up guarantees if they fell short. This is the first time the board got a chance to actually come together and talk about Gulftainer or a master plan. I heard Paul say that management is working on a master plan, but I think, if I understood the process of how other big ports did it, the board worked along with them and I think that's the missing piece we have - not management. We have process and if we don't have process, I promise you we will be back here again. So I ask the board to think about what our role is about policy and process. If you have those in place when these types of opportunities come and then it is written for the next board chair person, it will be easier for them to understand the direction that this port is going in. So, I urge the board to get engaged. I have asked Cindy Laquidara to come today because we spent 30 or 40 minutes talking about process and maybe we need to seek counsel to get us to where we as a board need to go to talk about process. So as I close, I want to thank all the port tenants for coming. I want to apologize because as board chair, I probably failed to move quicker on the front end of making sure we have processes in place and that's where we need to start and this way we won't be reacting.

Mr. Busey then stated to Mr. Anderson – you made a recommendation to us and as part of that recommendation asked if we should accept the FDOT grant for strategic master planning, and that you want to carry on your strategic master planning process – what's the time frame and the delivery?

Mr. Anderson stated that as all of you know, you have been briefed with some of the first steps of the master planning process. We did some economic market analysis opportunities and each of the board members were briefed on that; we also did some high level enterprise evaluations as part of the process. We have been engaged with the FDOT for well over six months – the answer is that we would like to move very quickly; we need to make a determination working with the Office General Counsel as to

whether we have the ability under some of our existing contracts with engineering firms, with other financial advising firms that we are now under contract with as to whether or not we can utilize their services under the scope - if not, we would like to move forward very quickly to develop an RFP to go out and part of the \$300,000 would be part of that process in the original award, and we would like to do that immediately. We have already started evaluating it, we have been working on it, meeting as a staff, and we have mentioned it on numerous occasions at these board meetings. I've mentioned strategic master planning briefly to all of you back in December and January. We had some high level individual briefings, and I think if we can get an RFP and consultation with the Office of General Counsel - then it would take 2 to 3 months hopefully to get a firm in place, and then I would like to see something within six months from the initial results of that master planning. I don't know if we could do a final master plan in six months because in many cases, it takes a year or longer but we would expedite the process because we have already completed a lot of the components and I think we could have some beginning phases and reports by end of this year.

Mr. Busey stated that he was very comfortable after hearing the presentation this morning and felt that the presentation was very informative and good for the board to hear it; he then made a motion that we accept and approve the recommendation made by our CEO and authorize him to proceed with the strategic master planning; Mr. Citrano seconded the motion.

Mr. John Anderson stated that in regard to Chairman Gaffney's comments regarding board management relationships, don't we need a recommendation from our CEO referencing the GulfTainer proposal to the board? That is clearly a board level responsibility to respond to the GulfTainer proposal. It seems to me, that it would be appropriate to send a response from the board especially in response to our CEO's recommendation to defer it, to decline it?

Chairman Gaffney stated that his recommendation is that we can't make a recommendation until we get a process in place. We don't have a process and at some point the board has to have a process. He then asked Cindy Laquidara if she could guide the board for about five minutes on process and what the board needs to do.

Ms. Laquidara stated that she had spoken with Mr. Anderson, Mr. Busey and Dr. Newman on these issues and that they are very important to everyone. First let's briefly discuss the master plan - you have a motion, a second, discussion on the master plan - two separate issues - your process and your master plan. As for the master plan, Mr. Anderson will be back to you for further guidance because he can't create a master plan without the policy and input from the board as to where you want to go. You presently are largely a landlord tenant port and that's why in the master plan you have to decide who you want to be when you grow up - do you want to be a landlord tenant port? What we call partnerships aren't actually under Florida law, I have to say that because it's in the Constitution - a partnership I can structure it for you but once you do that then it's something different from anything you have historically done. Do you want to make that move and if so, Mr. Anderson will bring you different proposals during the master

planning process and you will have to engage, but what you shouldn't be doing is getting the master plan at the end – here it is - because you are setting a policy. With regard to the process, and this is a good example, because this is not a landlord tenant offer coming to you, it is different to say that it falls squarely within Mr. Anderson's province because this is a major policy decision. He could not enter into an agreement with Gulfainer and therefore logically he cannot decline one. So this is why he has brought it to you, I believe, and so as Chairman Gaffney says what's the process? Because you are a landlord tenant port you presently don't have a process in place to entertain a proposal such as this. You need to have a policy – where do you want to go, what type of constraints do you want to put in – these are really workshop issues from which there would be a process so when someone like Gulfainer comes along, then you say what am I doing first. Let's say there is someone, and I know very little about it, who wants to acquire and operate the port. Well presently you have no idea what your port is worth to the level necessary to enter into those discussions. That is a highly specialized field. Do you want to engage somebody, spend the money, and evaluate the port and look for these types of partners or not - because you can't negotiate it. All of these are policy issues. Do you need to address Gulfainer? Yes, you do. Is it in the proper format? Personally, if you do that it makes me a bit uncomfortable. Only because I'm not familiar with or don't know the depth of the information that Mr. Anderson has presented to you, but for fair and open process, usually there is an analytical way to go about accepting or rejecting. And it may just need more paperwork, may need a briefing, you may need nothing. You may have more information than I have at the podium, but that's the situation. I think that's where the discussion has been with the Chairman. What do you want to do? Do you want a financial analysis, a workshop, a recommendation from Mr. Anderson? There are certain confidentiality provisions you can invoke as a board. Under Chapter 315, we will brief those for you, that can be part of your process and we can work with Mr. Anderson to present to the Chair a proposed process for your consideration which I'm sure you would then modify and change.

Dr. Newman then asked – if I hear you correctly, you are saying the CEO does not have the ability to enter into a contract nor to reject it - but it appears that the proposal has been rejected already. So if that is indeed the case, then is that rejection not worth the paper it is written on if he doesn't have the legal authority to do it? Secondly, is there a fiscal threshold by which the CEO can make a decision to accept or reject because it is a process question, so I just want to know if there are thresholds, what they are and maybe also it's good that we have heard from the customers to respond to Mr. Gaffney with a \$250 million dollar proposal sounds good but also not at the expense of existing customers who could be harmed, but my question to you is if Mr. Anderson has rejected it, did he have the authority to do so?

Ms. Laquidara stated that I believe there is a slope under which Mr. Anderson can discard matters and not take up the board's time. He apparently believed this was on that slope. Not enough so that he kept it from the board, he's brought it to the board, I would be more comfortable with more formal action from the board. I don't think if someone makes you this type of sophisticated offer that they are going to go away

without that and they deserve as a business treatment a more formal response. The threshold, by which Mr. Anderson can enter into leases, is five years, \$250,000 – it's a written policy that you have. The rejection of that, again I believe that is why he has brought it back in front of the board, is to tie that up. With regard to the tenants, that is important but knowing the sites and analysis a business deal is based on and the existing people have different types of deals and a verbal on the information, and I know that isn't part of the process when soliciting input in public hearings, but there has to be an unimpeachable process with integrity so that a third party can look at it and follow a decision making process so that there isn't any hint of someone looking and rejecting it when you're in the public of a contract and then later saying well I don't know how you got there – mine was actually better than that. That's the difficulty of not having a formal process.

Dr. Newman asked how do you draw distinction between a written formal proposal and do we have one from them and how could concepts for a potential deal?

Ms. Laquidara stated that is again a policy and a skill set. This was obviously important and complex enough that it intrigued several members of the board and Mr. Anderson before it was rejected and that with a process - you can say thank you for coming - and this happens a lot throughout other agencies in the city – where people come and it sounds great - I always tell my clients it's like an opening statement and when I'm defense counsel, the opening statement always sounds great, and then you hear the rest of the case. So I think that push factor for Mr. Anderson was where was the written paper for the board to analyze? There was no written paper as I understand it for the board to analyze and hence, he didn't bring it to you. But was there something there, hence I'm not personally engaged in this Dr. Newman, but those type of things happen but with a process you could put them through the process. Submit a letter of interest.

Mr. John Anderson then stated that he would like to then call a current motion so we address the GulfTainer proposal. I think it's a matter of fairness and good business to give them a response from the board - one way or the other.

Chairman Gaffney then asked Cindy if she would help him draft the proper letter representing the board.

Ms. Laquidara stated again, Mr. Chairman what we do is that the board would take the action directing the CEO to draft the letter with that, you would be copied to work with it here, make sure it met the board's intent to help you, but as a process the board would act and direct your employee to implement your policy decision.

Mr. John Anderson stated - currently there is a motion – repeat the motion –

Chairman Gaffney stated - the motion is to allow Mr. Anderson to move forward with the master plan.

Mr. Busey stated - and to accept the FDOT grant for the master planning process.

Mr. John Anderson then stated, at the next meeting, I suggest you give us a time certain for the completion of the master plan.

Mr. Paul Anderson stated that I don't think we will be in a position to give a time certain because if we have to do an RFP, we don't know the time frame for an RFP, and that would bind us with firms; I would recommend at this point we don't have the ability to impose a time frame – it may be unattainable as we go thru an RFP process because of the unknown time frame that it would take.

Mr. John Anderson stated that my point, and I appreciate hearing from the tenants and customers, who without our customers we wouldn't be here; everyone who has spoken has emphasized from their perspective that we need a strategic plan and that it is the baseline and cornerstone, and as our own CEO has said it's that important; I may have misheard you Paul in terms of interpretation from the General Counsel about what you can and can't do, it just seems at next meeting you could give us a timeline because strategically it is that important.

Mr. Paul Anderson stated that as I said, I hope that we would have something by the end of the year that would be a preliminary. There are several components of a strategic master plan. First of all, one of the things that needs to be made clear is that the master plan is a living document. So there can be changes in the world's dynamics, customers, shipping trade patterns, market conditions, etc., so none of the outcomes of this would be to have a twenty year vision statement and then a five year master plan - part of it being a living document we would have in that very likely the ability in every two to three years to engage in refreshing that master plan, so we can update it to the market changes and changes that come to the port. But I think we could have some preliminary plan, but I caution again against having seen this, as I went back to Port Everglades over a five year period at three different times and each time they were at a different level and a different stage. But I want to say that certainly at the next board meeting we can give the board an outline for the process that we are going to immediately engage in and we are well along the way. We have been working on the FDOT grant for quite some time, and I think we will have some additional good news as well to give perhaps by next board meeting regarding the strategic master plan and funds available to fund it. So I will commit to give you an outline by the next meeting.

Chairman Gaffney stated: I second that timeline.

Mr. Falconetti then stated as a question to the General Counsel, you made a very interesting delineation between our current business model of being a landlord leasing vs. this concept which is really a concession agreement, and what I'm wondering is especially in light of Mr. Craig's recent involvement in Norfolk and other well publicized concession agreements, what are the legal ramifications? I guess clearly our entry into a concession agreement cannot be based on a sole source methodology - there are clearly other companies that would be interested in concession agreements potentially because there is activity out there, but I'm curious in your legal opinion do we open

ourselves up and breach fiduciary responsibility by accepting a concessions agreement without going through an RFP process? I really have no idea.

Ms. Laquidara stated that when a similar question came up at the airport, I tried a 5 day federal case on it, and fortunately won, but it's a complex answer. It depends on the structure of the proposal. You have a great deal of authority to obtain the sole source agreement as the port authority; you are under different rules at that level; is it advisable? Usually not. So there's a difference between having the authority and then knowing its competition. Most businesses of course don't have to bid but they do. Hence having something in place that allows you to do it becomes important. The process with the board becomes important because of the confidentiality. There's a manner which to structure it so that there is some confidential information that each of you can read that is not a public document. When you recite the magic words and you make the magic finding for a period of time that lets you entertain these so that people don't have information made public unless they become selected. So when you have a process, it allows you to entertain multiple proposals to let the people who are not selected keep their confidential trade secret information and then to allow you to act as a board in spite of the significant constraints under the sunshine act.

Councilman John Gaffney then stated that he would like to ask one question – I'm somewhat disturbed this morning because I think as protocol, I think if you agree that what I'm hearing, you need policies, procedures and protocols in place, and I'm just appalled at the allegations and disrespect that has been shown to the chairperson. I believe that we wouldn't be having this discussion if there had been a workshop, so I believe that's the reason the chairperson, if I understand, was trying to have a workshop to discuss the procedures and processes and the protocol. I don't think anybody has the intention of doing anything trying to mislead the public, mislead the board, or trying to do anything to the detriment of the port, so I think the Chairman and the CEO are doing their jobs. The CEO is doing a good job, we have a good port. I do think we need to be brought up to date on procedures, methods, and protocol. I think we should always get information. Would you recommend that they have a workshop perhaps?

Ms. Laquidara stated that no - that is purely a judgment call for the board. Entities like the port everywhere do not have policies in place that address this and tend to get the policies from the first suitor that comes knocking on the door, so it is not unusual not to have it, and by sitting here today and calling for policies, which I think is agreed between as I hear the Chair and a policy going forward, I think it's what the board is doing and setting policy when the question is brought up.

Mr. Johnny Gaffney then stated, so what you are telling me is they can make any type of decision they want to without policy or procedures? You as a General Counsel give us an answer, yes or no.

Ms. Laquidara stated: oh please, let's not do that – you know an attorney can't give a yes or no answer. This is extremely complex and I could put you all to sleep on the nuance, which is tempting, but what we have here is this board has a great deal of

authority; there is not enough indiscretion, there is not enough brought forth to exercise all the discretion and authority they have without policies and procedures. Just like a private business – there are no requirements for a private business to have protocols in place if not dealing with the SEC – nothing, but they all do. That's where we are here – could they – yes. Would they? No. Would we advise them not to do it – no. I think we are at the appropriate place. It's always a little messy at the beginning.

Councilman Gaffney stated - that's great – that's what the Chairman has been trying to do. Have a workshop, some type of formality where everyone can be on one accord. I think all of this could have been avoided if there had been a workshop. I don't know why this continues to be a contingent matter and I think at end of day we all have one mission, one vision in what's best for port and city of Jacksonville. But I do, sitting here, I think I would be remiss if I didn't act as a council person - I know there are protocols with the city and I think there should be a protocol with this board and the administration. So, I would hope that if you want to discuss it at a board meeting and that's how you work it out, then that's what you all do. But I think there should be a different process.

Ms. Laquidara stated that I believe there was a second motion the by chair to develop a policy and protocol.

Chairman Gaffney stated - let me move forward – we've got a motion and a second to accept a contract so Paul can move forward with the master plan; we've got a first and a second, can I get an aye? Can I get a nay? Any discussion? So we approve that today.

Chairman Gaffney then stated that before we dismiss, I want to say once again, I read my opening statement, I heard what you said; we just gave the Executive Director authority to approve a master plan. What I'm not hearing, and I want you to think about is this – because this is why we choose to be board members, what role do we play? We still say we want to be engaged but yet we haven't determined how we are going to be engaged and if we do a workshop or come here at each meeting and talk about a master plan, which I know management doesn't want to do because they don't want us to know what they are doing; I'm gonna leave that though to you - you determine what kind of board you want to be; I will have Becky try to reach out to everybody and check your schedules and move forward and if you don't respond, then at least the community will know what I just tried to do.

Mr. John Anderson stated - with regard to Gulftainer, I move that we defer any further consideration indefinitely pending further evolution of our strategic master plan and then in consultation with our Chief Executive Officer.

Mr. York seconded that motion.

Chairman Gaffney stated - All in favor say aye. Anybody against say nay. Aye's have it.

Ms. Laquidara stated that she would like some direction that if she should work with the CEO to develop a policy to present to the board on how these matters should be evaluated.

Chairman Gaffney stated that I think you need to work with the board to develop a policy and I think that's our job to do, and I may let you take the lead on how to get us all together but I think as we move forward, board members come and go but decisions that we make based on this long term master plan are going to affect our children's children, so we need to be a part of it.

Ms. Laquidara then stated - Mr. Chair, if I could say certainly this is largely a legal recommendation that will be flushed out with things; I would like to work with both the board, which would be you as chairman, and Mr. Anderson and his staff and then together we create the recommendations to other members of the board.

Chairman Gaffney stated that will work.

Ms. Laquidara stated: we need a motion and a second, then I would be able to do it if the board is in agreement.

Chairman Gaffney stated I think, I think -

Ms. Laquidara: would you like me to phrase it for you? It would be a motion directing the Office of General Counsel to work with the CEO and Chairman to develop a proposed policy to entertain proposals other than landlord tenant.

Chairman Gaffney stated, and I would like to add to that as chairman, I have in my mind appointed two other individuals who I think would be very influential and who I think would be a better guide than I; this is a board and I think we all need it. I will get those names to you at the proper time.

Mr. Anderson then discussed more on the process for getting the strategic master plan.

Mr. York stated that this meeting was a good news meeting. If you think about some of the people who joined in and some of the clients who spoke today – lots of good opportunities are in front of us; Mr. Anderson has talked with me about a strategic master plan for a little over seven or eight months now and I knew they were looking for ways to fund that so it wouldn't impact our budget and I commend them for finding an available grant; I think it is very important we spend a lot of time on that – when doing a strategic master plan, you have present day short term and long term long goals and after we will all be gone, the decisions this board makes will guide whoever will be leading this board. What concerns me is that when we negotiate business deals in the media, I get very, very concerned and I want to caution port staff, as well as other board members because as a private entity I certainly think if my company was doing negotiations with an entity, we wouldn't want to do it in the media; certainly the press plays an important role and we have a right to inform them. You would have thought that

based on some of the conversations that happened today, there was a written proposal from Gulftainer to our CEO and certainly it was brought to me and I'm sure the other board members and I've been kept abreast of the situation and I felt like if it ever got to a formal decision for the board, we certainly would have been included. I would urge the board to be careful in having conversations with business partners. I was disappointed to read about it in the paper and I hope that going forward that will be taken care of in a more proper protocol. Chairman, I think you have brought some good suggestions and I look forward to working with you and the board members on the strategic plan and other policies as well. All in all, today was a good news meeting. We certainly have lots of people who want to do business at the port and I'm glad to be a part of it. I appreciate the staff and Mr. Anderson.

Chairman Gaffney then asked Dr. Newman how much did he know about the strategic plan?

Dr. Newman stated that he only knew about it in the content of conversations he has had recently as it relates to the Gulftainer situation because of the inability to entertain anything without having a master plan. But to answer your question specifically, I've only been on the board since February, but I haven't had the conversation other than it relates to Gulftainer.

Chairman Gaffney: do we have a motion? No motions?

Ms. Laquidara stated that the motion was to direct the Office of General Counsel to work with the CEO and Chair to develop consistent policies and procedures to address new types of deals that

Mr. Paul Anderson: other than landlord tenant?

Ms. Laquidara: yes, other than landlord tenant.

A first was made by Dr. Newman and a second by Mr. York.

Chairman Gaffney then stated – I guess everyone is in favor and that he's looking forward to working with Ms. Laquidara, as well as Paul.

Mr. Paul Anderson then thanked the Chairman for hosting this meeting today. It was helpful for our customers who were concerned; I thank them for not only their time but their commitment and reiteration of that commitment to JAXPORT – it is extremely meaningful. Any port would be proud to have them as their port tenant with long term leases and as their strategic partners. We are truly fortunate.

This was a good news meeting and we got a lot of very transparent information exchanged not just between the board members, the executive staff and our customers, but also with other stakeholders that are interested as evidenced by their attendance at this meeting today and how interested our community is in this port.

We are very fortunate to have all the people interested in how our port grows to support the future of this community. Again, Chairman thank you for your leadership and for the leadership of rest of board members.

There being no further business of the Board, the meeting was adjourned at 10:51 a.m.