

BOARD OF DIRECTORS MEETING
Jacksonville Port Authority
2831 Talleyrand Avenue
September 25, 2012

A meeting of the Jacksonville Port Authority Board of Directors was held on Tuesday, September 25, 2012 at the Port Central Office Building, 2831 Talleyrand Avenue, Jacksonville, Florida. Vice Chairman Jim Citrano called the meeting to order at 9:01 a.m. and welcomed all attendees. Dr. John Allen Newman led the audience in the Pledge of Allegiance and moment of silence.

Committee/Board Members Attending:

Mr. James P. Citrano, Vice Chairman
Mr. Joe York, Treasurer
Mr. John Anderson, Secretary
Mr. Reginald L. Gaffney, Member
Dr. John Allen Newman, Member
Mr. Robert Spohrer, Member
Mr. John Falconetti, Member (Excused)

Other Attendees:

Mr. Paul Anderson, Chief Executive Officer
Mr. Chris Kauffmann, Chief Operating Officer
Mr. Eric Green, Sr. Director, Government & External Affairs
Ms. Cindy Laquidara, General Counsel
Mr. Gayle Petrie, Deputy General Counsel
Mr. Jim Love, Office of City Council
Ms. Becky Dicks, Board Secretary

Approval of Minutes

Vice Chairman Citrano called for approval of the August 22, 2012, July 23, 2012, and June 28, 2012 Board Meeting Minutes. After a motion by Mr. York and a second by Mr. Gaffney, the Board unanimously approved the minutes as submitted.

Mr. Citrano then welcomed and recognized new Board member Robert Spohrer.

Public Comments

Vice Chairman Citrano called for comments from the public. There being none, moved on to Presentations.

Presentations

Vice Chairman Citrano then recognized former board member Steve Busey by presenting him with a gift and thanking him for his service to the community as a JAXPORT board member. Mr. Citrano then also recognized continuing board member Reginald Gaffney and presented him with a gift to thank him for his service to the community as Chairman of the Board during the fiscal year 2012.

Vice Chairman Citrano then asked if there was a motion to bring forth a new slate of officers. Dr. Newman made a motion to offer up a slate of officers and proposed to the board that all the current officers move up which would make Jim Citrano Chairman, Joe York, Vice Chairman, John Anderson, Treasurer, and John Falconetti, Secretary. After a second by Mr. Gaffney, the Board voted unanimously to approve the new slate of officers.

CEO Performance Review

Chairman Citrano then stated that he would like to discuss the CEO Performance and Compensation review. He stated that the Audit Committee of the board met Monday, September 17, 2012 and that the sole agenda item was to review the CEO performance and compensation issue. He stated that Mr. Anderson's contract calls for the board to review his salary annually. Chairman Citrano then stated that Paul started in January 2011 and that the September 17th review was nine months overdue. Chairman Citrano stated that Paul set contract goals in accordance with his contract and provided them to his Chairman in 2011. Those goals were discussed without negative comments in the May 2011 meeting. A list of those goals and Paul's accomplishments were provided to the committee members before last week's meeting and copies of said goals were provided to all the board members in their notebook.

Chairman Citrano then went on to say that Paul's employment contract also requires him to maintain professional affiliations with groups like the American Association of Port Authorities and the Florida Ports Council. Chairman Citrano stated that the board was specific on these directives because active participation in these groups furthers the port's initiatives. He then stated that Paul is currently serving as a very effective Legislative Chairman of the Florida Ports Council and that this is the most important committee of that organization. Chairman Citrano then stated that Paul also has just been nominated by his peers at the Florida Ports Council to take on the Chairmanship of the group's Financing Commission which is a critical decision-making position.

Chairman Citrano then stated that Paul leads the Joint Task force of the AAPA and the US Conference of Mayors and that he was instrumental in crafting a Mayors Conference resolution in support of port investment supported resoundingly by the mayors of this nation. The mayors' voices carry a great deal of weight in the halls of Washington, DC.

Chairman Citrano then stated that Paul has also been elected to the Florida Chamber of Commerce Board of Governors, and this is another important post as the state is pushing to bring Florida-bound cargo in through Florida ports.

Chairman Citrano then went on to say that Paul has clearly gone above and beyond the specific requirements of his contract on affiliation with these groups, and that Paul has actually gone on to lead most of them - this is common of all the goals that he set. Chairman Citrano stated that what you will see is that there is a set of goals reflecting our need for investment and brand awareness at the state and federal levels, and that you will also see the goals of a leader intent on motivating and reinvigorating his internal staff.

Chairman Citrano then stated that the Audit Committee - made up of John Anderson, Joe York and himself - found that Paul has done an exemplary job meeting and - in many cases - exceeding the approved goals. He stated that the Audit Committee discussed Paul's performance and compensation in a public meeting for nearly three hours, and that by the end of that meeting, they proposed a 2.5 percent salary increase for each of the nearly two years being reviewed and a \$50 thousand dollar bonus covering Paul's exemplary performance over that 20 month period.

Chairman Citrano then stated that he thinks he can speak for his fellow board members, Mr. Anderson and Mr. York, that they are sensitive to the continued sluggish economy and that they understand the difficult financial situation facing the City of Jacksonville and most other cities, but he also stated that we cannot fail on our major responsibility to hire top talent and retain that talent that we believe can best overcome the challenges and maximize the opportunities ahead on behalf of the community. Chairman Citrano stated that we are also competing with other major ports in a global economy for new business and new jobs that come with it. He stated that we expect a return on our investment and we are clearly getting it, and that we expect even more before the next scheduled review.

Chairman Citrano stated that the port has had several affirmations regarding our financial situation from our rating agencies and they mention our strong expense side management. He also stated that we have had notable success in moving the Mile Point project forward and that the President recently put our most important growth projects such as the ICTF and deepening of the harbor on his short list of priorities. These things don't happen by themselves - it takes strong leadership and Paul has provided that.

Chairman Citrano went on to say that Paul has helped attract nearly one hundred million investment dollars here and that this is even more of an accomplishment especially during this period of no-earmarks and diminished public funding. Chairman Citrano stated that he mentioned this several times during the Audit Committee meeting as did Mr. York and Mr. Anderson.

Chairman Citrano then asked Mr. York and Mr. Anderson to add anything to this discussion that they felt is relevant based on the Audit Committee meeting.

Mr. York stated that he's not going to get into repeating what Chairman Citrano covered and substantiate Paul's accomplishments, but he stated that as he reflects back to two and half years ago - shortly after he came on the board – that we decided to hire a new CEO and with that there was lot of conversation led by the former chairman at the time, David Kulik, about what kind of CEO we wanted to lead this port - and in particular the title itself which is an important distinction. If we wanted to take the port to a new place, we would have to set some really big goals and we discussed the type of person it would take to reach these goals. Mr. York stated that If you go back a few decades to the city of Atlanta when they decided they were going to invest in their airport and that at the time, it really did not make a lot of sense to do that, but they put a lot of money and investment into it and a hired a strong CEO and it changed the economic development history of the city of Atlanta forever and turned it into to a world class airport. It actually took over a decade for everyone to see the return on that investment and this board and this port decided that we were going to go out and hire a CEO that really was going to take us to the next level. When we did that, we decided to hire a CEO that not only had substantial business experience, but also a unique resume in business –someone who understands the political environment and certainly has an understanding of the port world. Paul has brought all three of those to bear to the port when he came and submitted himself as a candidate, and this board set a salary that certainly was substantial but not when you think about the overall vision of where we wanted this port to go and who we needed to lead it.

Mr. York went on to state that when he became a member of the Audit Committee recently and they met to discuss compensation and reward, he certainly did not do that without a lot of sensitivity to our partners at the City of Jacksonville and our partners with the State, and certainly our partners at the federal level who are all investors in JAXPORT. He stated that when he was appointed by the Governor, the thing he was told to do was to really run this port like a business, but with a respect to who our investors are - the City of Jacksonville, the State and Federal government as well, and he's looking at it as a partnership.

Mr. York stated that we have a CEO, who, in his estimation, has done an outstanding job with a lot of unique challenges that have been put in front of him in the first two years that probably could not have been predicted. He stated that he thinks that the five chairmen Mr. Anderson has had to go through - for various reasons - and they have all had to be flexible because some of them became chairman before they were expected to and some of them had to deal with shorter terms, and he feels that Paul has

managed through that with incredible ease. He also feels that Paul has done a fantastic job of communicating with him, which is not all ways easy as he travels quite a bit. Mr. York stated that Chairman Citrano's comments about all of Paul's accomplishments that he has made and how the revenues of the port have been managed - the expense side as well the revenue and growth of business – are to be commended. He also thinks that making a key promotion to the right kind of leader within the employee base helped lead and draw more business to us. Mr. York feels that Paul was the right person for the job, and he looks back to Paul's almost two year term and his results are just outstanding.

Mr. York went on to say, so the next conclusion is that if he judges Paul to be outstanding and Paul has not had a performance review in nearly two years, then he's concluded that for the first year we basically determined not to give Paul a performance review. Mr. York stated that he thinks there were a lot of factors that played into it as there have been five chairmen in the last 20 months, so he thinks that had something to do with it. Mr. York feels like 2.5% for a CEO that has accomplished what Paul has accomplished in a very short term, is very modest to him and most certainly when he looks at a bonus that was 7.5% per year. Mr. York stated that if you look at the private sector, and he understands that we have a very fine line here because we are kind of private but we are certainly public as well - we are a mix of two - but we certainly want to run like a private-sector business. He doesn't think anybody here, nor would he imagine anyone at the City Council, that would want us to become a quasi-government agency that basically works for the City of Jacksonville. He doesn't think that's the intent from his perspective as a board member and he doesn't think that is where this board needs to go.

Mr. York stated he feels that there are a couple things that are very important when you give a performance review and you determine if this person has warranted some compensation increases. In his perspective, he feels that Mr. Anderson has warranted an increase and he thinks that 2.5% per year is modest and a 7.5% bonus for a CEO doing what Paul is doing certainly seems modest as well.

Mr. York then stated that he was going to close by stating that with this as our business, we want our port and our airport to be successful. We want our CEO to be successful. If they are successful, the people in the community will be successful and we want to create jobs. We want the CSX's of the world to succeed; we want small businesses to succeed; we want this port to succeed. When you look at the economic development that this port has within Florida, it is substantial, and we want to take it to another level. We have big challenges. We talk about the challenges with the earmarks, and he thinks that is something that is going to require a great deal of delicacy and navigation, and Paul has certainly shown the ability to do that. Mr. York stated that he has never seen a leader who has established a relationship with the Governor as quickly as our CEO has done. He stated that he knows they talk on a regular basis as he runs into the Governor from time to time and the Governor always talks about JAXPORT and the good news things that are happening here.

Mr. York stated that he knows that there are people out there who are struggling. He stated that he works in the private sector and there are parts of his business that are doing well and parts that are struggling, but he does believe that Mr. Anderson's performance here and the port's performance overall has been outstanding, and he feels very comfortable with the compensation package which in his estimation is somewhat modest. Mr. York stated that he felt very good about that, and finally taking it from a perspective of an individual to a process. He thinks it is very important that we get to a process on how we evaluate this board and how we evaluate our CEO. He stated that in the past it has been done by the chair person, or sometimes it has been done by committee, but there hasn't been a process in place, and he would like to see a process in place where the Audit Committee is established and they know they are going to meet, and they know they are going to have a discussion, and the CEO is prepared for it, there are goals and accomplishments, and any board member, even if you are not on the Audit Committee, can certainly attend this meeting as well. He stated that he thinks we should get to that where it happens every year. The timing of it, certainly you could argue this should have been done before the budget meetings with the City Council, but Mr. York would argue that he thinks it is more transparent upon us to do it before than to wait to do it after. He then stated that certainly anybody that has ever gone through a performance review with four or five people in the room, as well as a reporter, that's a unique thing to go through, and something he's certain most of us wouldn't care for, and he thinks Paul handled it in a very classy way, He thinks our Chair ran the committee in a classy way and he feels very comfortable with what the Audit Committee has decided to bring forth to the board today.

Mr. John Anderson stated that he is completely at ease that our CEO is paid fully and fairly, but he agrees with Mr. York's comments that we do need a process and we are not anywhere near, in his humble opinion from 20 years of managing a public business and being a CEO subject to board compensation and an audit committee, as close as we should be but we can be with a decent, transparent, aligned compensation process. What he has learned is that there are only two primary responsibilities that any board of directors ever has and that is to recruit, motivate, help align, and monitor the leadership of the CEO. The second is to play a proactive process in the development of a long term plan called a strategic plan and monitor the organization and the execution of that. Those are the only two real top priorities that we have as a board, so what he would suggest is that as we go forward and learn from this experience that we need to meet fairly quickly, if the board sees fit to delegate that again to the Audit Committee, and then to whoever else would like to join them, and to ask our CEO to give us a half dozen or so goals, which includes a mix of short and long term goals, weighted, prioritized, with percentages, that are stretch goals. Compensation may be one of the hardest parts of successfully overseeing or administering in any organization and a big part of the art of that is separating what good leadership should be doing anyway and what is stretch – what is over and above.

Mr. Anderson stated that it is incumbent upon us if we want to be truly effective and develop a simplified but yet fully complete set of goals - weighted with long and short term goals for our CEO that will also align with all of the rest of the layers within this port. Mr. Anderson stated that he feels that putting it on paper and prioritizing it, etc. is

an accepted best practice way to do that. He then stated that he can only assume the duration would be a year and it should not be that hard to do at all.

Mr. Anderson then stated that there is only one thing in his forty years of working in the private sector that always makes a difference and that is leadership. In his humble opinion, in the little over a year time frame that he has been on this board, and noting especially where this port was before, Paul has, does, and demonstrates admirable leadership and that's our responsibility as a board. That is what we are here about as a board - to recognize it, to evaluate it, and then to compensate it, and to encourage it and to sustain it - no more and no less. Without leadership, we are sunk. With it, we have wonderful opportunities here. One of the things he has learned in his year here is the magnitude and the opportunity this port has. This is a business and it's all about leadership. He then stated that in their meeting last week, they looked at comparables - you look at your competitors as you think about pricing and as you think about compensation - they looked at five other ports CEO's salaries, bonuses, etc. just to make sure they knew the landscape, and they have already done that, and on the basis of that, plus Paul's demonstrated performance - there is no doubt in his mind that what we have is a good leader. We have a leader that's a work in process.

Mr. Anderson stated that the recommendation of the compensation package they made between salary and a bonus is intentionally weighted toward best practices – it is weighted toward the variable, not the fixed. We are in tough times. This economy could get worse - it could struggle and it could affect us. We took care in our recommendation of the salary increase to minimize the new level of fixed dollars by weighting most of the comp to variables. There is nothing that says next year that he will earn a bonus at all as we don't know that. We need to determine that by setting goals and monitoring the performance, but that is another debt that we tried to incorporate into this package that we came up with - to emphasize the variable over the fixed. That is just a common sense way to make sure we send a clear message about performance and rewards, but also to protect our income statement and balance sheet.

Mr. Anderson went on to say that he is completely at ease and feels that we have a CEO who demonstrates leadership and without such leadership our port's future is uncertain. With leadership, we can chart our own course. Mr. Anderson stated that it has been a pleasure working alongside Paul, and that he knows this is not an easy thing to do. He went on to say that with an improved process, fully transparent and somewhat simplified, he thinks we can use this to harness and align our compensation throughout the port. We as a board - down to our CEO – will know clearly what is most important, where we are going, and our meetings will begin to reflect this as we monitor progress against what we have already identified as a priority. Mr. Anderson stated again, from his take of serving on the Audit Committee, he is fully at ease as to what they have concluded.

Mr. Paul Anderson then asked the Chairman if he could be recognized because he wanted to make a statement. Mr. Anderson stated that he truly appreciated the sincerity of the Audit Committee's statements in support of his performance during the past 20 months. He said that he also appreciated the difficulty of rewarding him monetarily while remaining sensitive to the economic challenges that the City of Jacksonville is facing. He went on to say that he must state that the strong expense side management decisions the port has made under the board's leadership during the last few years have helped the port weather the recent recession better than almost any other port in the nation. He stated that he is proud that our brand awareness in Tallahassee, Washington, DC, and in shipping capitals around the world has never been higher nor more respected than at this point in time. He knows that the impact we have on the region in job creation is growing because of these efforts and because of the significant public investment we have successfully brought home and because of the new businesses we have attracted---many of them household names like Disney, MOL, and others soon to be announced, that will continue to grow this port and jobs in Jacksonville and northeast Florida.

Mr. Anderson then asked the board to delay any further conversation about his compensation and a potential performance bonus based on him meeting and exceeding his set goals, particularly with the emphasis that was placed by board member Anderson and the in-depth discussion at the three hour Audit Committee meeting, and putting in a process that properly reflects best practices in this organization for compensation of not only for the CEO but processes that he's implemented throughout the organization and that they align at with what board member Anderson just stated.

He then asked if the board would please give him another minute of their time so he could read verbatim something he said to the three Audit Committee members at the conclusion of last Monday's meeting after they had so strongly commended his performance

"At the risk of sounding overly humble, I would say the words that you expressed have value to them. Your words of support have real value to them. They do to me. Very humbly I say thank you. More importantly it was the expression of support – I've learned from all the people I have reviewed and managed through the years - it's what you say that has the most weight just as the compensation that you are getting for doing a good job – the expression of support that you are doing the right thing, you are part of the team, we want you here. Those are words that every person – no matter what level you work at – that you like to hear when you are being reviewed by whoever you work for. So thank you very much. To me that was as significant as any dollars that we discussed."

Mr. Anderson went on to say this statement was from the heart and he expressed how important it was to get this reassurance from the board that he was doing the right job and leading the organization the right way through the transition especially in dealing with 5 different chairmen over the last 20 months. He also stated that he was very grateful for the opportunity to work with all the board members and the staff at JAXPORT.

He ended his comments by asking the board to please consider his request to table any further discussion of his compensation and to please move on to the other new business of the day.

Chairman Citrano stated that the Audit Committee report will stand and that he appreciated Mr. Anderson's sensitivity to the issue. He then stated that the board will postpone the discussion of Mr. Anderson's compensation review pursuant to his request.

Mr. Gaffney then stated that he would like to speak and say first of all he wanted to thank Paul and all of his colleagues. If I walk away without saying what's on my mind and then I think I would have lost the opportunity to represent this community of who I actually represent. I have been on the board for five years and I have had the opportunity to be one of the primary board members to bring Paul on board. Tough questions was asked during that time and yet he has delivered on some and some he hasn't. Just the basic fact that I have to respect him for what he is saying today. For nine months, six months, I have been talking about a process, putting a process in place because today this community is getting ready to go on Mr. Anderson without a process being in place with his contract and that's been troubling my mind for so long. As I take a look at the information that I continue to get that the Audit Committee gave to me, I wrote the numbers down and I compared the old ex-CEO as compared to Mr. Anderson. In 2008-2010, the numbers were almost flat - forty eight million one brought in to forty five million. With respect to Mr. Anderson, he has about twenty to thirty million in process. So, one of my arguments was you can make an assumption without the job being complete today by looking at the numbers, and the other thing was about four months ago, I asked Mr. Busey to lead as the chair person to take the lead on putting a committee together to take a look at Mr. Anderson's performance with the understanding the way I would have done is to add additional information based on me being able to talk to two ex-board chair person's to get a feedback, and I am the only one that had that knowledge on what Mr. Kulik said in talking to another group.

One other thing is I'm glad that we are not going to make that difficult decision because it is so difficult for me because we just received the information today on comparable salaries and I think they are important to us. But if you look at these comparable salaries of JAXPORT, and I had to say this because we will have this conversation again, we are comparing apples and oranges. When you talk companies - when you talk about Georgia and South Carolina, the information that I was given yesterday,

you're talking about Georgia with a revenue of \$238 million, \$942 million - you talk about South Carolina the salary of \$300 thousand, \$120 million, 468 staff and we're talking about JAXPORT, you talking \$50 million – we're talking about 140 staff - that's apples and oranges. I am so grateful today for, and I thank Mr. Anderson for having the intuition to postpone this, because I represent this community. I heard a lot of people's crying in light of what happened with the ferry and in light of what happened with the City in job cuts. I feel I would not have done my public duty today not to speak. So, I am hoping for what I have been saying for over the last five or six months, that we put real processes in place. We have been talking about process. Ms. Laquidara, you have been saying process, I've been say process. Not just about his compensation but about goals and objectives that supposed to be submitted before each March but focus on Mr. Anderson's compensation as well as the port process.

Mr. Gaffney said he would close on this. Mr. Anderson - you said back in the June meeting that we needed to be focusing on short term goals.

Mr. John Anderson asked – which Anderson?

Mr. Gaffney stated, Mr. John Anderson – because I remember that specifically and your response was that we will be working on a strategic plan within six months from now. My recommendation today would be to say you are right, wait until the end. You cannot give Nick Saban, probably the best football coach in America, and crown him today before he wins 12 or 13 games and are in the National Championship, and in doing that today we are rewarding for the national championship and we have not seen that win yet – the outcome yet. And so by saying that, I thank Mr. Anderson, Paul Anderson, for having however God touched his heart to withdraw that and I urge this board to come back together in a workshop going back there so we can put processes in place, so we can put measurable goals in place, so the next time this come up it's in black and white. And I will be the first one to stand there with Mr. Anderson to say he met measurable goals based on the benchmarks. I will be the first one to say it, and I would be the first one to say other staff because its other staff who I know played a role in helping Mr. Anderson bring these dollars in. In saying that, I think I am going to end my say.

Dr. Newman then stated that he also wanted to thank his colleagues, Mr. York, Mr. Anderson, Paul, and Mr. Gaffney for their comments and directions. Without being repetitive, let me just say that I think one of the things that I remember most vividly through the confirmation process - going through the rules committee meetings before I was confirmed and specifically at my confirmation, I was asked in private and in public when I get on the board am I going to be giving out bonuses and raises - that was an issue that was raised to me in the confirmation process. At that point, I said that I would be uncomfortable with that in light of the timing of the economics of the city, and something that I came away from in the process of my confirmation, and I am giving you the abridged version of my conversation, that even though we are assembled an autonomous, independent body, but ultimately we are responsible to and accountable to the community and that community is represented by City Council persons, and what I was most uncomfortable with was when Mr. Poole, Mike Poole was asked by

Councilman Reggie Brown are you going to be giving out bonuses and raises in this budget - the answer was no. Then when the Audit Committee's report came forward, my phone lit up like a Christmas tree. And how in the world can someone representing the port say there will be no raises and bonuses and then that recommendation comes forward. Now I do recognize, and this is not a hit at the press, but I do recognize there are times when things are not reported accurately. Certainly things that I read did not include what Mr. Anderson just said in his remarks. That did not come up; it made it seem as if our board didn't know what they were doing the way the press presented it. I realize that there are persons that can't wait until there is something controversial so that they can define themselves and get their fifteen minutes of fame, but my ultimate concern is process. Joe started talking about that, and I think everybody mentioned that, and I think process is extremely important and that might go back to something Mr. Gaffney mentioned earlier some months ago about a retreat, and maybe that's where we get these processes in place, but gentlemen we have to avoid, any optic that makes it look like we are not sensitive to any group that may have stagnant raises or fire and police who are being cut or teachers whose salaries are stagnant - I think that it is extremely important that we are sensitive to that, and I'm not saying that this is, but perhaps this is what has weighed on the heart of our CEO to the context in which this is happening, and I will just be frank with you, one of the calls I got from City Council was that they were contemplating taking our budget below line. It was very serious and I can't emphasize how strongly I want to say that. All that it really says is that our board relationship with the Council and the people of the community was in jeopardy through this process. I think that some healing needs to be done, and Paul let me just say this, when there is money on the table, when sixty-sixty thousand dollars is on the table and you choose to walk away from that, that shows that your heart is in this community, and it does show in its own way a sense of leadership because you were sensitive to a broader context – now we haven't talked about it, so I can't know, but from some of the things I read and some of the things I've heard, it appears to me, and I've only been here 8 months so some of the things I can't talk about, but it would appear to me that we are moving in the right direction and we want to continue to move in the right direction, and we want to continue to be a port that is the economic engine of our city.

Dr. Newman went on to say here is why I am always harping about our relationship to the community, and I know it's like a broken record but I have done it in private and I say it now. If we are going to be in this game, these Pan American ships, coming from the Suez Canal, if we are going to be in this game - the Panama Canal – we've have to get to 47-48 feet. There is no option there. We just can't get to where we need to be as an economic engine for the city - we cannot be productive without that. I will say conservatively that even after the federal government and even after the state government comes in and gives us whatever they are going to give us with this process, we still will be one hundred million or maybe one hundred fifty million short in the process. Who do we go to fill in this gap? Either the private money that may be available, if it is, or we go to the community and say will you tax yourself to help us help you. There comes a point where people vote against their own interest and cut their nose to spite their face to send another message because they don't like what the objects have seemed to them prior to that request. And so, to me the narrative of let's always make sure our relationship to our community is of such that if, and, or when we

need them, they will be there. So, all this to me was playing into the hands of those who would love to take a sledge hammer up side our head as a board. So, I want to say once again that for your comments and for your sacrifice, I appreciate that and I mean that from the bottom of my heart. I would not want to vote against you. I wouldn't want to do that, but if it comes down to do we lose the community, than that one is not a fair fight. But, these are my comments and thank you for your time.

Mr. Spohrer stated that he echoed the comments made by Rev. Newman and that he thinks there are no questions about the endorsement of the Audit Committee about the excellent performance of Mr. Anderson, but that the context of the raise has to be considered as a whole.

Chairman Citrano then stated that the Audit Committee report is on record regarding Mr. Paul Anderson's compensation to postpone to a future date and we will move on to new business and a presentation by Brad Thoburn.

Mr. Thoburn with the JTA then made a presentation regarding the Northeast Florida Preliminary Regional Transportation Network.

New Business

BD1209-01 Resolution Authorizing the Donation of Real Property to FDOT

Mr. David Kaufman presented this submission for Board approval of donating JAXPORT parcels to FDOT, accepting the donation of FDOT parcels, and recognizing the overall value of the FDOT Interchange Improvements funded by the FDOT and the ICTF development that is being developed using grant funding from FDOT to exceed and offset any value differential that exists when comparing the market value of the FDOT parcels at \$194,038 and JAXPORT parcels at \$277,499. After a motion was made by Dr. Newman and a second by Mr. York, the Board voted to unanimously to approve this submission.

AC1209-01 Security Officer Services for Jacksonville Port Authority Group I U.S. Security Associates, Inc.

Mr. Chris Kauffmann presented this award for Board approval of Contract No. 12-08 for Security Officer Services – Group I, to U.S. Security Associates, Inc., in the not to exceed amount of \$9,610,309 for the initial contract period of three years, starting October 1, 2012 to September 30, 2015, with three additional one year renewal options made at the sole discretion of JAXPORT, based on the contractor's performance and adherence to all the terms and conditions of the contract.

After a motion was made by Mr. John Anderson and a second by Mr. York, the Board voted unanimously to approve this submission for awards.

**AC1209-02 Security Officer Services for the Jacksonville Port Authority Group II
River City Security Services, Inc.**

Mr. Chris Kauffmann presented this award for Board approval of Contract No. 12-14 for Security Officer Services – Group II, to River City Security Services, Inc., in the not to exceed amount of \$891,880 for the initial contract period of three years, starting October 1, 2012 to September 30, 2015, with three additional one year renewal options made at the sole discretion of JAXPORT, based on the contractor's performance and adherence to all the terms and conditions of the contract.

After a motion was made by Mr. York and a second by Mr. Gaffney, the Board voted unanimously to approve this submission for awards.

AC1209-06 Professional Hydrographic Surveying Services

Mr. Chris Kauffmann presented this award for Board approval of the issuance of Contract MC-1371 to Arc Surveying & Mapping, Inc., in the not to exceed amount of \$320,000 for Hydrographic Surveying Services, for an initial period of two years with two additional one year renewal options, made at the sole discretion of JAXPORT, based on performance and adherence to all the terms and conditions of the contract.

After a motion was made by Mr. Spohrer and a second by Dr. Newman, the Board voted unanimously to approve this submission for awards.

AC1209-05 Strategic Master Plan for the Jacksonville Port Authority

Mr. Chris Kauffmann, on behalf of Mr. Michael Poole, presented this award for Board approval of the issuance of Contract No. 12-16 to Martin Associates for preparation of a Strategic Master Plan, in the not to exceed amount of \$601,609.

After much discussion by several of the board members, a motion was made by Mr. John Anderson and a second by Dr. Newman to defer this submission and hold a special board meeting for further discussion at a later date.

AC1209-07 Employee Medical Benefits for the Jacksonville Port Authority

Mr. Chris Kauffmann, on behalf of Mr. Michael Poole, presented this award for Board approval of a contract to United Health Care for the provision of Employee Medical Benefits for the Jacksonville Port Authority for the period of January 1, 2013 through December 31, 2013, with an option to renew for two additional one year periods, at the sole option of the Authority.

After a motion was made by Mr. John Anderson and a second by Mr. Gaffney, the Board voted unanimously to approve this submission for awards.

Reports

R1209-01 Engineering and Construction Update

Mr. Chris Kauffmann provided an overview of the key capital projects and gave an update.

R1207-02 Monthly Financials/Vital Statistics

These reports were submitted as info only.

R1207-03 Business Development Report

Mr. Raul Alfonso, on behalf of Mr. Roy Schleicher, provided an overview of the business development report.

CEO Update

Mr. Anderson began his comments by acknowledging and saying thank you to Raul Alfonso and the marketing team for all of their hard work and the sacrifices they make due to their travel all over the world.

Mr. Anderson also commented that he thinks that when we look at what the board is doing with the City Council, as well as educating the City Council and our legislative delegation, our congressional delegation, and our customers, that we are really building a solid frame work for growth in the future. He stated that many of the issues that were mentioned are critical to the long term growth of branding and contributing to the success of JAXPORT.

He ended his comments by stating that he appreciated the support of the board for all they do and for their public service and time.

Submitted for Information

The following items were submitted for information:

- A. Federal and State Grant Awards
- B. Audit Committee Meeting Materials
- C. The Awards Committee minutes for September 10, 2012
- D. Emergency Purchases – Request for Rehabilitation of St. John’s Ferry Vessel
- E. There were no unbudgeted transactions.

There being no further business of the Board, the meeting was adjourned at 11:35 a.m.