

SPECIAL BOARD OF DIRECTORS MEETING
Jacksonville Port Authority
2831 Talleyrand Avenue
July 2, 2013

A special meeting of the Jacksonville Port Authority Board of Directors was held on Tuesday, July 2, 2013 at the Port Central Office Building, 2831 Talleyrand Avenue, Jacksonville, Florida. Chairman Joe York called the meeting to order at 3:59 p.m. and welcomed all attendees. Mr. Robert Spohrer led the audience in the Pledge of Allegiance and moment of silence.

Committee/Board Members Attending:

Mr. Joe York, Chairman
Mr. John Anderson, Vice Chairman
Mr. John Falconetti, Treasurer
Dr. John Allen Newman Secretary
Mr. Jim Citrano, Member
Mr. Robert Spohrer, Member

Other Attendees:

Ms. Chris Kauffmann, Chief Operating Officer
Mr. Gayle Petrie, Assistant General Counsel, City of Jacksonville
Mr. Jason Gabriel, Assistant General Counsel, City of Jacksonville
Ms. Becky Dicks, Board Secretary

CEO Update and Discussion

Chairman Joe York called this special board meeting to order to discuss the Board's recent selection of its next Chief Executive Officer, Mr. Brian Taylor, and a potential conflict of interest inquiry as to his relationship with a previous employer, Horizon Lines, Inc., and whether a conflict of interest exists under Florida's ethics laws if in fact there were a contractual relationship between JAXPORT and Horizon. Additionally, the meeting was to discuss the terms of a contract offer to Mr. Taylor.

Chairman York stated that past Chairman Jim Citrano had asked for a legal opinion from the Office of General Counsel as to this issue, and he then asked Jason Gabriel, Assistant General Counsel, to explain his legal advisory opinion to the board. Mr. Gabriel stated that after much research, he came to the conclusion that no conflict of interest exists; however, he did inform the board that the Florida Commission on Ethics is the binding authority for all state ethics issues and that while he was confident in the analysis he provided, his opinion was advisory only. He then advised the Board that if they desired a State ethics opinion, that the Office of General Counsel would work with

the Chairman in an expedited manner to get this issue on the agenda of the next Florida Commission on Ethics meeting scheduled for July 26, 2013.

After much discussion, it was decided that it was in the best interest of the board to seek confirmation from the Florida Commission on Ethics as to whether or not Mr. Brian Taylor is free to serve as JAXPORT's next CEO and that there is no ethical conflict regarding his severance agreement with his previous employer. It was also agreed upon that the board would move forward with contract negotiations with Mr. Taylor but not execute said contract until the Florida Commission on Ethics issues their opinion.

After a motion by Mr. Spohrer and a second by Dr. Newman, the board unanimously agreed to make an immediate application to the Florida Commission on Ethics for an expedited opinion on this matter; that the Chairman will draft a letter to the Commission explaining the critical time element of this matter and inform them that we need a resolution by the end of July; and at the same time, the Audit Committee will begin contract negotiations with Mr. Taylor and his representatives moving towards a contract to be the next CEO.

Mr. John Anderson stated that he feels the search firm made a mistake at the expense of JAXPORT by not disclosing Mr. Taylor's potential conflict of interest and wanted to know what recourse the board had for Heidrick & Struggles failure to disclose it.

Mr. Louis Naranjo, Director of Procurement, stated that the board had approved \$99,000, plus expenses for the search firm of Heidrick & Struggles to perform the CEO search. The contract was based on three payments – the first payment took place upon execution of the contract; the second payment took place 30 days later; the last payment is supposed to take place on day 90 of the contract. So far, JAXPORT has made 2 payments. We have not made the final payment; however, by contract, JAXPORT is supposed to make the third payment or terminate the contract after 90 days, but we still have to pay them 100% of their fee. So contractually, we are bound to pay the entire fee to Heidrick & Struggles. If the board feels that they haven't performed their part of the contract, we would have to check with the Office of General Counsel to see if we have any recourse.

Mr. Anderson proposed that the board put Heidrick & Struggles on notice that we will withhold the last installment due to them in abeyance subject to the outcome of the Florida Commission on Ethics proceedings and further deliberation about their professional performance on this assignment.

Chairman York stated that he felt like the board could withhold the payment without there being a motion on it today and he wants to wait until the outcome of the Ethics Commission; however, the Chairman stated that Mr. Anderson's observations and comments were noted and recognized.

At this point, Chairman York stated that he felt the City's advisory opinion was accurate but that to err on the side of caution, the board will request a final opinion from the Florida Commission on Ethics to protect all sides on this issue.

The board then discussed the economic issues of Mr. Taylor's contract. After much discussion and a motion by Dr. Newman and a second by Mr. Falconetti, the board unanimously agreed that Mr. Brian Taylor's annual base salary would be \$320,000 and it will not include a special performance bonus as Florida law has changed since the hiring of the last CEO and it doesn't allow special executive bonuses beyond what regular agency employees would receive.

After much discussion and a motion by Mr. Anderson and a second by Dr. Newman, the board unanimously agreed that Mr. Brian Taylor's contract term would be five (5) years.

After much discussion and a motion by Dr. Newman and a second by Mr. Falconetti, the board unanimously agreed that Mr. Taylor's severance for termination without cause would be 20 weeks' pay.

After much discussion, a motion was made by Mr. Anderson and a second by Mr. Falconetti, that Mr. Taylor's vehicle allowance would be \$500 per month. The voting results were as follows:

York – Aye	Spohrer - Nay
Anderson – Aye	
Newman – Aye	
Falconetti – Aye	
Citrano – Aye	

The motion carried on a vote of five ayes.

After much discussion and a motion by Mr. Anderson and a second by Mr. Falconetti, the board unanimously agreed that Mr. Taylor's relocation reimbursement would be paid for actual expenses and not to exceed \$50,000. Dr. Newman was designated to evaluate and approve receipted expenses for Mr. Taylor's relocation reimbursement.

Clarification was then made as to the current members of the Audit Committee. It was decided and agreed upon that the Audit Committee would consist of John Anderson as Chair, John Falconetti, and Dr. John Newman.

Mr. Petrie stated that the board needed to appoint a board member to act as a negotiator to help put Mr. Taylor's contract into final form. Board Member Citrano then nominated Chairman Joe York for this role.

Mr. Petrie stated that his goal was to have the agreement finalized and agreed to by Mr. Taylor and his representatives and presented to the board for approval at the board meeting scheduled for July 22, 2013.

There being no further business of the Board, the meeting was adjourned by Chairman York at 5:40 p.m.