

GENERAL:

- A. This Addendum modifies, changes from or adds to the South Florida Regional Intermodal Logistics Center Request for Proposals (RFP) dated July 10, 2009 and other previous Addenda. This Addendum shall become a part of the RFP. Capitalized terms used in this Addendum and not otherwise defined herein shall have the meanings set forth in the RFP.
- B. Each Respondent shall acknowledge receipt of this Addendum in the transmittal letter to its Proposal. Failure to do so may be cause for disqualification of Proposal.

ADDENDUM ITEM:

Question 1: We note in Section 1.1, your reference to Section 315.03(1), Florida Statutes, empowering the Sponsor to operate and maintain port facilities “on property owned or acquired by it.” If you become the operator of the Interchange Hub, does this mean that the Board has to acquire an ownership interest in the land on which the Interchange Hub is located?

Response 1: No, the Sponsor does not have to acquire an ownership interest in the land on which the Interchange Hub is located. However, the Sponsor does expect each Respondent to propose the nature and details of any interest in the Interchange Hub that may be granted to the Sponsor by the Respondent. The exact nature and details of any such interest will be subject to negotiation of the definitive agreements as set forth in Section 3.6 of the RFP.

Question 2: The RFP contemplates in a number of places that the Sponsor will assume operational control over the Interchange Hub (pursuant to a management agreement), the cost of which is to be borne by the Respondent. Clause (ii) of the last paragraph on Page 3, however, seems to contemplate that, in lieu of a management arrangement, Respondents may provide for some other form of compensation to the Sponsor.

- a. Can you confirm that a management structure is not required as long as the proposal contemplates a certain level of compensation to the Sponsor?
- b. If a Respondent contemplates utilizing a management structure, can

you confirm that the operational cost can be funded through user fees and charges to be imposed by the Sponsor, in lieu of a subsidy by the Respondent?

- c. If the Respondent will be required to subsidize the operational costs of the Interchange Hub, can you confirm that the Respondent will have some control over the operational budget of the hub and over the establishment and collection of the applicable rates and charges?
- d. If a management structure is contemplated then what is the expected term of the agreement?
- e. Is it the Sponsor's expectation that the Respondent retain title to the Interchange Hub and the balance of the Project?

Response 2: The Sponsor believes that the success of the Project is largely dependent on the successful operation of the Interchange Hub. With the Sponsor's understanding of the proposed Project, experience in operating facilities similar to the proposed Interchange Hub, and knowledge of, and contacts within, the shipping industry, the Sponsor will play a vital role in the success of the Interchange Hub. The Sponsor also believes that a structure similar to a management structure is appropriate for the Sponsor's role with respect to the Interchange Hub. The Sponsor expects each Respondent to include in its Proposal a proposed structure for the Sponsor's relationship with respect to the Interchange Hub, including, without limitation, the term of such relationship. Any such proposed structure will be subject to negotiation of the definitive agreements as set forth in Section 3.6 of the RFP.

The Sponsor anticipates that user fees and charges may be used to fund the operational costs associated with the Interchange Hub. Each Respondent should include in its Proposal its proposed plan for funding operational costs for the Interchange Hub, including, without limitation, through the use of user fees and charges or direct subsidies. Such plan should also include any budgetary controls that would be imposed by such Respondent. Any such proposed plan will be subject to negotiation of the definitive agreements as set forth in Section 3.6 of the RFP.

Question 3: Part 4 of Appendix A seems to contemplate that the Respondent is required to provide in its response construction schedules and milestones. We understand that the success of the Interchange Hub and related warehousing

operations will be dependent upon a variety of external factors, including commitments from the Port of Miami and Port Everglades, infrastructure expansions (both rail and road) coming into the site, state and federal regulatory approvals, and utilization commitments by carriers before construction can commence. We also understand that construction would be phased in based on actual realized demand. Given these uncertainties, can you clarify the means by which a construction schedule can be developed, including whether the schedule will be tied to TEU's being brought to the Interchange Hub?

Response 3: The Sponsor expects each Proposal to include a development schedule that reflects time frames rather than specific dates for various tasks. Such schedule should utilize the Respondent's development knowledge to reflect the interconnectivity and dependency of each task in order to identify critical milestones such as regulatory approvals and carrier commitments necessary to allow the initial phase of the Project to achieve commercial operation in accordance with the Respondent's proposed business plan and development schedule. The schedule should also reflect the Respondent's plans for phasing in the balance of the Project, including any assumptions that the Respondent anticipates using to determine when each additional phase will begin.

Question 4: Section 2.4.2 discusses the Sponsor's approval rights. Please define the scope of the Sponsor's approval rights with regard to the Project, both within the Interchange Hub and with regard to the overall warehousing facilities?

Response 4: This initiative began approximately three years ago and the Sponsor has been a key proponent of the Project since its inception. The Sponsor believes that some level of oversight and approval is appropriate to ensure that the final Project is consistent with the proposed Project. The Sponsor expects each Respondent to include in its Proposal a proposed scope for the Sponsor's review and approval rights with respect to the Project. Any such proposed scope will be subject to negotiation of the definitive agreements as set forth in Section 3.6 of the RFP.

Question 5: Section 2.8 requires each Respondent to provide "proof" of its ownership interest in the real property that will become subject to the Project. We assume that warranty deeds and/or existing title policies, coupled with a bringdown certificate, will

be sufficient for this purpose. Please confirm.

Response 5: Yes, warranty deeds and/or existing title policies, coupled with bringdown certificates, are sufficient to show “proof” of ownership for purposes of the RFP.

Question 6: Section 2.5 discusses the “Minimum Design and Construction Requirements”, which are more specifically described in Table 1. It is our opinion that the design and construction requirements outlined in Table 1 would take a significant amount of time to incorporate into a site specific plan, and will exceed the amount of time provided to respond to the RFP. We assume, in this regard, that the substantial cost outlay necessary to actually develop any significant detailed plans and specifications and accompanying milestones and scheduling would not be required at this stage.

- a. Please clarify the detail the Sponsor expects concerning the preliminary design and site plan?
- b. Does this requirement apply to the entire Project?

Response 6: The Sponsor expects each Respondent to provide a preliminary/conceptual site plan for the entire Project using concept level bubble diagram areas. The exact location, layout and shape of the buildings and spaces are not required. The preliminary/conceptual site plan should provide an overlay of the Project on the proposed Project site with sufficient detail to allow the Sponsor to effectively evaluate the suitability of the proposed Project site and the proposed layout of the overall Project. Consistent with Table 1 set forth in Section 2.5 of the RFP, such detail should reflect the general location of rail access (including, the location of the primary rail connection with the main line rail), public access roads, internal circulation roads, water management facilities and proposed warehouse areas. In addition, consistent with Section 2.3 of the RFP, such preliminary/conceptual site plan should also reflect how the Respondent intends to phase in development of the Project.

Question 7: Section 2.3 states that the Respondent is required to restrict uses of the designated land to uses related to the Project. However, Section 1.1 page 2, describes the Project as a “hub of port cargo (sea, land and air) and related intermodal . . .” Is the intent of the Sponsor to not allow uses that will not use the Interchange Hub, but are located outside of the Interchange Hub? For example, if an assembly plant would like to locate within the Project but does not use the Interchange Hub, will the assembly plant be restricted from locating within the Project?

Response 7: The Sponsor expects that the proposed Project site will be restricted to uses that support the Project and the economic development of the region that the Project will be located. It is anticipated that there may be businesses that will not use the direct services of the Interchange Hub. The restrictions on use will be subject to negotiation of the definitive agreements as set forth in Section 3.6 of the RFP.

Question 8: Section 2.4.1 of the RFP requires 500 acres of developable property for the Interchange Hub. Please describe what is meant by “developable”?

Response 8: Please refer to Addendum No. 3 issued by the Sponsor on August 7, 2009.

Question 9: Section 2.11 requests that the Respondent include a plan to encourage the participation of Small Business Enterprises (SBE), of which the Sponsor has developed a similar plan. Without being privy to the Sponsor’s SBE plan it is difficult to judge the Sponsor’s expectation or the level of detail the Respondent is to include into its plan. Will the Sponsor please make its current SBE plan available to the Respondents?

Response 9: The Sponsor’s annual SBE goal is set forth in Section 2.11 of the RFP. However, the Sponsor does not anticipate that the Respondents will use the Sponsor’s annual goal as a guideline in developing an SBE plan. Rather, the Sponsor contemplates that each Respondent will consider the availability of SBE’s in the community of such Respondent’s proposed Project site and develop a plan that maximizes the use of available resources.

Question 10: Section 2.2 states that the Sponsor will make available the Sponsor's ability to issue bonds, and Section 2.3 requires the Respondent to develop a finance plan. It is unclear to us who will be the applicant for the issuance of bonds and how extensive the relationship between the Sponsor and the Respondent is contemplated to be.

- a. Which party is expected to be the applicant of the bonds?
- b. Is it the Sponsor's expectation that the Respondent finance the entire Project?
- c. To what level is the Sponsor willing to participate in the finance of the Project through the issuance of bonds or other means?
- d. Has the Sponsor created any proforma models or like income projections demonstrating how the Sponsor will achieve a positive/negative cash flow on either the Interchange Hub or the entire Project?
- e. Some of the possible financing options will require the involvement of the County or governmental entities created or approved by the County. Does the Port currently have an understanding or agreement with the County concerning these options?

Response 10: The Sponsor understands that there will be a variety of financing options available to both the Sponsor and the selected Respondent. The Sponsor expects each Respondent to submit in its Proposal a financing plan that will maximize the use of any and all available financing instruments the Respondent deems appropriate for the Project. The Sponsor recognizes that such financing plans may include, among other things, the issuance of tax-exempt bonds or private activity bonds by the Sponsor or the County in which the proposed Project site is located. The exact nature of the financing related to the Project will be subject to negotiation of the definitive agreements as set forth in Section 3.6 of the RFP.

The Sponsor has not created any proforma models or like income projections with respect to the Project. Certain of the studies completed in connection with the feasibility of the proposed Project contain economic modeling information. Such studies are referenced in the RFP and have been made available at www.FloridaLC.com.

The Sponsor has not entered into an understanding or agreement with any County or other municipality with respect to the financing of the Project. Upon selection of the successful Respondent and negotiation of the definitive agreements, the Sponsor will work with the appropriate governmental entities to obtain the necessary support and involvement from such entities for the development of the Project.

Question 11: It is brought to our attention in a recent article written by Bond Buyer USA, dated July 27, 2009, that Moody's downgraded the Sponsor's outstanding bonds, and that due to a rate covenant violation the Sponsor may enter into receivership. Can you confirm the accuracy of this report and advise as to the likelihood of a receiver being appointed? If that is a possibility, how would it affect the RFP process?

Response 11: *The Bond Buyer* article is accurate with respect to the change in the Sponsor's rating. Despite the recent rating change by Moody's Investor Service, the Sponsor continues to maintain an investment grade rating with all three rating agencies. As stated in the article, the rating change is reflective of the impact of the current domestic and world economy on ports and shipping. As of July 31, 2009, the Sponsor's current assets (restricted and non-restricted cash, investments, interest accounts) were \$20,734,021 and total assets exceeded \$134 million. The Port of Palm Beach remains a vital business entity that will continue to significantly influence the economy of Southeast Florida. Please note that the taxing authority of the Sponsor has not been needed or used since 1974. The Sponsor is confident that, with its current cash reserves and future business opportunities, the Sponsor will be a strong public partner for the Project.

Question 12: Have there been any decisions made in regards to FDOT's participation in the proposal choices?

Response 12: Please refer to Addendum No. 4 issued by the Sponsor on September 8, 2009.

Question 13: Do you have a better explanation of the "stipend" that the Sponsor is willing to give if the RFP is cancelled or delayed or the land owner is not chosen?

Response 13: Please refer to Addendum No. 2 issued by the Sponsor on July 28, 2009.

Question 14: Will a Pre-Qualified Respondent be disqualified from submitting a Proposal if the Pre-Qualified Respondent changes its members or organizational structure?

Response 14: Pursuant to Section 5.10 of the RFP, so long as at least one member of each Pre-Qualified Respondent remains a member of Respondent's team, a Respondent may make such changes as it deems appropriate to the Respondent's organizational structure identified in the Respondent's response to the Request for Qualifications.

END OF ADDENDUM NO. 5

