

TREASURE COAST INTERMODAL CAMPUS

PROPOSAL PART 1 - SECTION B EXECUTIVE SUMMARY

October 2, 2009

Treasure Coast Intermodal Campus, LLC together with Kennedy Groves, Inc., Mabel Groves, LLLP, Southern Fruit Groves, LLLP and Bay Hill Holdings, LLC (collectively the "Respondent") have assembled this Executive Summary portion of the Proposal as requested by the Port of Palm Beach District (the "Sponsor"), in accordance with the Request for Proposals dated July 10, 2009 (the "RFP"). The Respondent has reviewed and understands the RFP including the addenda issued through the current date and the other relevant information on the Sponsors website.

Although the proposed Project Site was not included in the prior site feasibility studies conducted by the Sponsor and the State of Florida, the site exhibits superior merits as explained herein and throughout the Proposal. The Respondent, having studied comparable logistics centers, researched financing mechanisms, and completed regulatory, design, financing and cost feasibility studies, presents its conclusions, project approach and preliminary concept plan for the subject Intermodal Logistics Center.

The Respondent commits 7,139 acres of suitable land in a strategic location of St. Lucie County with excellent underutilized road and rail access, overwhelming local and regional acceptance of the inland port concept, and the fuel to provide trade and economic growth in South-Central region of Florida. The proposed site offers cost-efficiency for on-site infrastructure construction; less investment in off-site supporting infrastructure; environmental and land use suitability; a qualified labor pool; and available workforce housing - as briefly summarized below.

Proposed Project Site. The proposed Project Site is on or close to regional roads and rail to provide ideal access to the South Florida Ports. It is located approximately 12 miles north east of Lake Okeechobee in unincorporated southwestern St. Lucie County, abutting the City of Port St. Lucie. The Project Site consists of 7,139 gross acres, and is currently used for agricultural production, rangeland and rock mining. Gross developable acreage on the site is estimated at 4,778 acres, which far exceeds the Port's requested minimum.

The Project Site has ready access to Florida's major transportation infrastructure including Strategic Intermodal System (SIS) roads. The Project Site has ready access to I-95 and the Florida Turnpike; and it will access emerging SIS roadway SR 70 through the expansion of the existing

Rangeline Road - the Western Parkway - which is now under study for planning and conceptual engineering. The Project Site is included as a "Future Freight Activity Center" on the long-range regional transportation plan adopted by the Joint Martin / St. Lucie County MPO. I-95 and the Turnpike demonstrate less congested volume and better level of service in the Treasure Coast than the counties to the south.

An active rail line recognized as "Emerging SIS" and operated by the Florida East Coast Railroad (FEC) and South Central Florida Express (SCFX) abuts the property for three miles on the north and can serve the site, requiring no additional financing and construction of regional rail linkage such as that being investigated by the FDOT along the SR 27 corridor. An intersection should be added at the nearby crossing of the CSX line in Indiantown to facilitate a more complete integration of freight throughout the State.

The land, soils, topography, subsurface and water conditions are suitable for the proposed Project. Adequate utility and other services are available to serve the site including potable water, wastewater, and reclaimed water, electricity, solid waste and public safety. Agreements for mitigation of road traffic impacts will be accomplished during the ongoing entitlement process.

Community support for the project and site is presented through letters and resolutions from the City of Ft. Pierce, Economic Development Council of St. Lucie County, Workforce Solutions, and Indian River State College. To satisfy the conditions for a site not located in Palm Beach County, a resolution of consent and approval has been adopted by the City of Port St. Lucie City Council; and, the Respondent has begun the entitlement process for annexation into the City, and changing the land use designation – scheduled for completion by October 2010.

The site's conceptual master plan (below) integrates a 611 acre Interchange Hub with rail, storage, office and secured areas as prescribed in the RFP and a surrounding Distribution Center to accommodate 40 million square feet of floor space on more than 3,000 acres. The site lends itself to innovative design using emerging technology for water management / water quality improvements, solar cogeneration, and industrial green building practices such as water harvesting.

Project Team. A broad-based, comprehensive, and highly qualified professional team has been assembled to compliment the Respondent owners which together provides the diversity of expertise and executive management skills that a large real estate project would mandate. Land, transportation, and entitlement planning; real estate development and construction management; site planning, landscape architecture and civil engineering design; multimodal transportation

planning and engineering; and industrial park master development and financing round out the existing team. Additional specialists are being research for future additions.

Financial Capabilities of Respondent and Project Financing. The Respondents have the wherewithal to accomplish the goals of the RFP and are committed to carry out the provisions of the Proposal if selected. They are providing 7,139 acres of land (valued at \$215 Million) as part of the Project Site. It is their intention to fund the majority of entitlement and annexation costs from their independent cash reserves; and, should Respondent be awarded the Project, the land (which is substantially unencumbered) will likely be used as collateral for further funding until programmed financing can be arranged and closed.

Rates of return assumed in the Interchange Hub financing plan include a 12% preferred rate of return on equity investment (land and cash equity) with returns in excess of 12% being split with the Sponsor / Respondent – 30% / 70%; and varying rates of interest would apply to programmed financing – from 3% to 8%.

Financial Terms for Management & Operations Agreement. The Respondent has proposed several options for the Sponsor's management and operation of the Interchange Hub: (1) direct purchase under favorable terms and considerable upside to the Sponsor; (2) a 40 year lease to the Sponsor at a base rate that provides a 12% return on equity over a forty year recovery period to the Respondent - all net operating results remain with the Sponsor; (3) a limited liability partnership with the Respondent developing the Interchange Hub and then stepping back into an investor role at turnover with a guaranteed return on equity of 12%.

Additional compensation to be paid to the Sponsor for its services under the Master Agreement could be in the form of a management fee, impact fee or referral fee equal to a negotiated percent of the Respondents income from the sale of land or buildings or the base rental of land or buildings in the Distribution Center portion of the property.

Environmental Impact. The environmental conditions on the site are conducive to the proposed use with proper site planning, avoidance, buffering, and fulfillment of permitting requirements. There are no known environmental hazards on the property which would impede industrial development. The higher standards for water quality and water retention for the project's basin are achievable and were considered in the master planning process. While the project site would not directly impact the Everglades Restoration Program, the site plan should consider a stormwater management system to compliment the goals of the Indian River Lagoon South Restoration Program, possibly using advanced water treatment technologies.

The site contains jurisdictional wetlands and potential protected species habitat which have been significantly avoided in the conceptual site planning. Permitting or mitigation for anticipated wetland and habitat impacts would be completed according to local, state, and Federal standards and are not expected to be an unusual impediment to development approval; and mitigation costs have been factored into overall project cost estimates. No environmental impact would be expected on neighboring properties with the exception of noise, and a noise mitigation system should be incorporated into the project. A Fugitive Dust Plan is proposed to minimize construction and operation impacts.

“Green” or sustainable initiatives that could be designed into project include installation of solar panels on flat roof space; re-using stormwater for irrigation and grey water needs; employing low impact development standards to engineer the stormwater system; and designing a drought-tolerant landscape and low water irrigation system. A public involvement program is proposed in addition to required hearings for permitting and entitlement processes.

Project Schedule. With performance milestones shown, a preliminary schedule for entitlement (including permitting), final planning and site design, and phased construction is presented which provides a critical path for construction of the Interchange Hub and the first phase of the Distribution Center by 2014 in concert with the Sponsor's target readiness date. To achieve the build-out development program of 40 million square feet by 2025, four subsequent phases must deliver 9 million square feet each every three years. The schedule accounts for an appropriate level of detail in the project management process, and recognizes certain unknowns such as offsite public infrastructure improvements. The Respondent has established contacts with the rail companies, and water / sewer utility providers in anticipation of the project's advancement.

Job Creation and Economic Development. As a designated “Federal Recovery Area,” which also abuts the South Central Rural Area of Economic Concern, St. Lucie County is in dire need of economic stimulus and jobs creation. Accordingly, the Respondent is building a partnership with the Economic Development Council of St. Lucie County, Workforce Solutions, and Indian River State College to provide the necessary outreach, jobs training, and technical education to support the needs of the project. A large labor pool among a population of over 800,000 resides in a 40 mile radius of the project. Coupled with the significant population is a ready supply of vacant or entitled housing close to the site, which creates an opportunity to build efficient transit commuting systems. The Respondent agrees to pursue the SBE goal set by the Sponsor, and will develop and implement SBE / MBE programs that meet or exceed those recommended by the Sponsor.