

TREASURE COAST INTERMODAL CAMPUS, LLC

PROPOSAL PART 3 – SECTION C FINANCIAL TERMS TO THE MANAGEMENT AND OPERATION AGREEMENT October 2, 2009

General Discussion. The Respondent has assumed the following in arriving at the proposals for the operation of the Interchange Hub and the compensation to be paid to the Sponsor as described in Section 2.4.1 of the RFP:

1. The Sponsor will assign then current intermodal container business to the Project upon completion of infrastructure necessary to access and operate the Interchange Hub;
2. The Sponsor will utilize the Interchange Hub for all of its future container business;
3. The Sponsor will work cooperatively with the Respondent / Developer seeking grant funds and other funds for the development of the Interchange Hub and Project as a whole as identified in the financing plan; and
4. The Sponsor will be a co-applicant or public partner for purposes of permitting the Interchange Hub and its necessary infrastructure.
5. The Interchange Hub (as discussed in Part 4 – Section D) is a parcel within a master planned industrial center and would be specifically identified as a parcel property owners association operating under its own set of covenants and within the confines of the Master Property Owners Association.
6. The Respondent will plan, permit, construct and equip the Interchange Hub and the Sponsor shall have sole and exclusive control of the operation and management of Interchange Hub.

Secondly, the Section 2.4.2 of the RFP requires that the Sponsor and the Respondent enter into a Master Agreement whereby the Sponsor will have the right to review and approve the proposed design of the Project as a whole to ensure that the selected Respondent maximizes the potential of the selected Project Site. The proposed terms of such agreement are to be based on the functions and responsibilities set forth in Section 2.2 and Section 2.3 of the RFP, respectively.

As there was limited information in the RFP pertaining to the desired structure of the relationship between the Respondent and the Sponsor for the long-term operation and management and/or the Master Agreement, we are assuming that you are asking for our proposal on how this aspect of the public - private partnership should work. We have several options as described below.

Option 1 – Outright Purchase of Interchange Hub. Under this scenario, the Sponsor (and, if desired, the other South Florida seaports) would outright acquire the Interchange Hub after construction is completed. The price would be determined based on direct costs of permitting, design, construction and equipping the facility; land at \$45,000 per acre; a prorata share of overall master infrastructure development costs prorated based on Interchange Hub acreage divided by developable acreage for the Project as a whole (est. 611 acres over 4,778 acres); and 8% of costs as an overhead and administration charge.

Such a transaction would make the Interchange Hub easier to finance and operate over the 50 year life of the Project; provide insulation from actions of the Respondent's lenders in the case of insolvency of the Respondent or its successors over the life of the Project; extend the life of the Sponsor(s) involvement in the Interchange Hub beyond fifty years; and provide the Sponsor with the sole and exclusive control of the operation and management of the Interchange Hub as required by the RFP. Under the scenario, the Sponsor would be entitled to lease out portions of the Interchange Hub to a security company, U.S. Customs & Border Protection & others; and retain all container transfer, usage and other fees derived from operations of the Interchange Hub.

Additional Compensation to be paid to the Sponsor for its services due to involvement in 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.

Option 2 - Sponsor Lease of Interchange Hub. Under this scenario, the Sponsor (and, if desired, the other South Florida seaports), would enter into a lease with the Respondent as outlined below:

1. Sponsor would be responsible for a Base Rent plus Care and Maintenance Assessments (all costs of ownership - ad valorem taxes, CDD assessment, Master

POA assessment, property insurance, site maintenance, reserve for replacements, etc.) – a triple net lease.

2. Base Rent described in this scenario would be the monthly payment determined using the Recoverable Costs at a Return Rate of 12 percent with a forty year recovery period.
3. Recoverable Costs would include:
 - a. Land Cost - would be valued at \$45,000 per acre of the Interchange Hub;
 - b. Prorated share of overall master infrastructure development costs prorated based on Interchange Hub acreage divided by developable acreage for the Project as a whole (est. 611 acres over 4,778 acres);
 - c. Phase I Direct costs of the Interchange Hub – the cost to design, permit, construct, finance (including construction period interest) and equip the Interchange Hub's specific improvements as described in the RFP for Phase I of the IH improvements.
4. There will be an Escalation in the Base Rent when Phase 2 of the IH improvement are constructed – same concept.

Additional Compensation to be paid to the Sponsor for its services due to involvement in 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.

Option 3 - Sponsor and Respondent Partner in the Interchange Hub. Under this scenario, the Respondent and the Sponsor enter into a limited liability partnership. The Respondent contributes the land required for the Interchange Hub (as its capital contribution) and works with the Sponsor to arrange for public funding for the balance of the Interchange Hub planning, design, construction and equipment costs, which are installed under the direction and charge of the Respondent, as general partner. The value of the land contribution would be \$45,000 per acre plus a prorata share of overall master infrastructure development costs prorated based on

Interchange Hub acreage divided by developable acreage for the Project as a whole (est. 611 acres over 4,778 acres); plus 8% of costs as an overhead and administration charge.

At the completion and turnover of the Interchange Hub, the Respondent becomes a limited liability /equity partner and the Sponsor accepts the sole and exclusive control, operation and management of the Interchange Hub as the managing general partner. Beginning one year after completion, the Respondent / Partner would earn a preferred rate of return on its capital contributions of 12%. All other net cash flow would be credited to the Sponsor / Partner.

Additional Compensation to be paid to the Sponsor for its services due to involvement in 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.

Additional Compensation to be paid to the Sponsor for its services due to involvement in 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.

Option 4 – Other. Any other sensible relationship that provides the Respondent with a reasonable return on its investment and minimizes the risks associated with the responsibilities of the Developer while providing the facilities and equipment to the Sponsor as required by this RFP.