

PORT OF PALM BEACH DISTRICT EMERA AGREEMENT

FEBRUARY 25, 2015

JARRA KACZWARA, SENIOR DIRECTOR
PAUL ZIELINSKI, DEPUTY DIRECTOR/CFO

PORT OF PALM BEACH DISTRICT

- 5 ELECTED OFFICIALS
- LANDLORD PORT – 160 ACRES
- SPECIAL DISTRICT OF THE STATE
- NO TAXES LEVIED SINCE 1975
- LIMITED LAND
- LIMITED BERTHING



THE PORT OF PALM BEACH IS A SPECIAL TAXING DISTRICT GOVERNED BY STATE LEGISLATION.

WE ARE GOVERNED BY A BOARD OF 5 ELECTED OFFICIALS WHO HAVE NOT LEVIED TAXES IN 40 YEARS.

160 ACRE PORT WITH LIMITED LAND AND BERTHING

WE SIMPLY LEASE OUR LAND, EITHER SHOR-T OR LONG-TERM, AND CHARGE FOR CARGO COMING IN OR LEAVING THE PORT.

WE ARE LAND CONSTRAINED AS THE CITIES OF RIVIERA BEACH AND WEST PALM BEACH HAVE GROWN UP AROUND US.

WE ARE A SPECIAL DISTRICT OF THE STATE AND WHILE NOT DIRECTLY REPORTING TO ANY COUNTY OR CITY GOVERNMENT WE HAVE THE NEED TO WORK CLOSELY WITH THEM. SOMETIMES OUR OBJECTIVES SEEM CONTRADICTORY.

WHILE WE CAN TAX, WE HAVE NOT FOR THE LAST 40 YEARS. AS SUCH, WE MUST GENERATE PROFITS TO NOT ONLY SURVIVE BUT TO MAINTAIN AND ENHANCE THE PORT.

ALL OF THE ABOVE HAS RESULTED IN OUR HAVING LIMITED CARGO DIVERSITY. AS A RESULT, THE LAST ECONOMIC RESSESSION HIT THE PORT OF PALM BEACH EXCEPTIONALLY HARD.

About Emera

- Electricity is their business: generation, transmission and distribution
- Focus on clean energy transformation
- \$7.53 billion in assets; revenues over \$2 billion annually
- More than 80% of earnings are from regulated investments

MET AND NEGOTIATED WITH EMERA FOR OVER 2 YEARS.

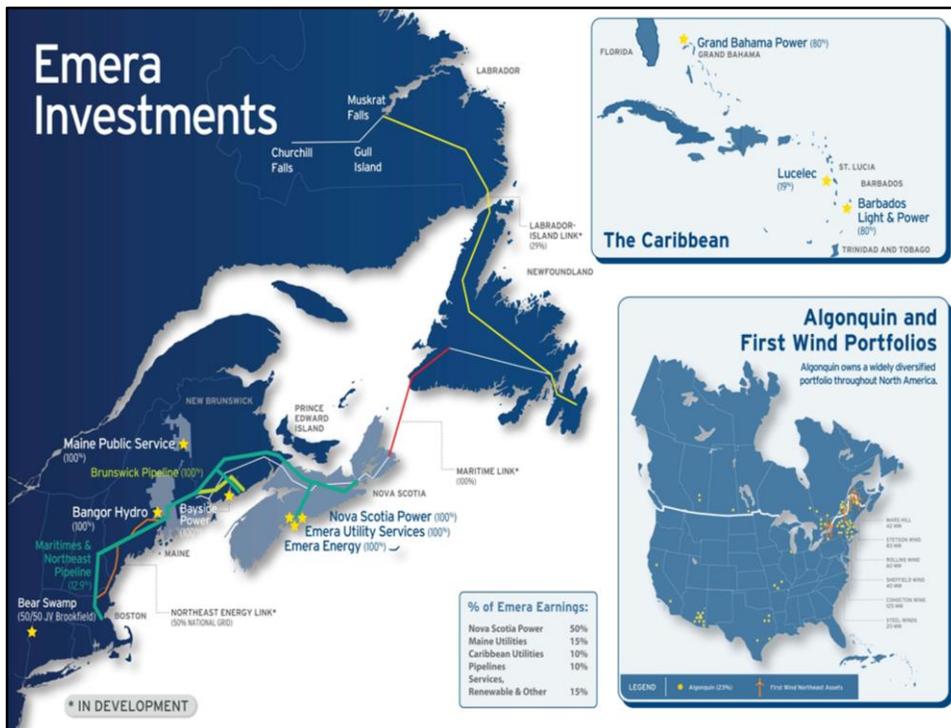
EMERA –

FOCUSES ON:

- ELECTRICITY GENERATION, TRANSMISSION AND DISTRIBUTION
- CLEAN ENERGY TRANSFORMATION

EMERA HAS \$7.5 + BILLION IN ASSETS AND REVENUES IN EXCESS OF \$2 BILLION ANNUALLY.

MORE THAN 80% OF THEIR EARNINGS ARE FROM REGULATED INVESTMENTS.



OVERVIEW OF EMERA INVESTMENTS.

50% OF THEIR EARNINGS ARE DIRECTLY RELATED TO NOVA SCOTIA POWER WHILE 15% IS FROM MAINE POWER AND THEN 10% IS FROM CARIBBEAN UTILITIES AT THIS TIME.

THE OTHER 25% ARE FROM PIPELINES, RENEWABLES AND OTHER SMALL INVESTMENTS.

BRING ATTENTION TO THE TOP RIGHT HAND CORNER, YOU CAN SEE THAT EMERA IS CONTINUING TO EXPAND THEIR CARIBBEAN INVESTMENTS.

- OWN 80% OF BARBADOS LIGHT & POWER
- 19% OF LUCELEC
- 80% OF GRAND BAHAMA POWER WHICH WILL BE THE FOCUS OF OUR PRESENTATION TODAY

PUBLIC INTEREST

DOMESTIC

- Strengthens ties with a significant trade partner
- Supports the U.S. – Caribbean Basin Trade Partnership Act
- Replaces fuel currently sourced from Venezuela and China

BAHAMAS

- Stabilizes electricity rates for consumers
 - Potential to promote economic growth
- Environmental Impact
 - Reduces greenhouse gases
 - Major reduction in pollutant emissions

EMERA PROPOSED PROJECT -

DOMESTICALLY –

- Strengthens ties with a significant trade partner
- Supports the U.S. – Caribbean Basin Trade Partnership Act
- Replaces fuel currently sourced from other countries outside the US

BAHAMAS –

- Stabilize electric rates for customers,

potentially promoting economic growth and development

- Environmentally, this project will also reduce greenhouse gases and provide for a major reduction in pollutant emissions

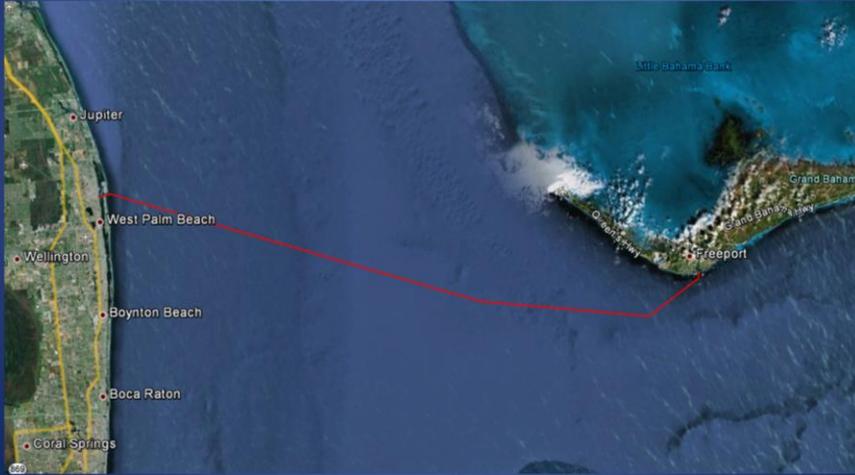
- Daily service from the Port of Palm Beach to Freeport, GBI – potentially expansion to Nassau
- RO-RO vessel will be used to carry 14 Mafi trailers daily to Freeport – and using an operationally restrictive berth
- An intrastate pipeline delivering natural gas at the Port - to a compression station filling 14 trailers daily, holding 520k cubic feet of CNG per trailer
- Create a new dedicated Port tenant with positive revenue flow for 25+ years - with expansion opportunities



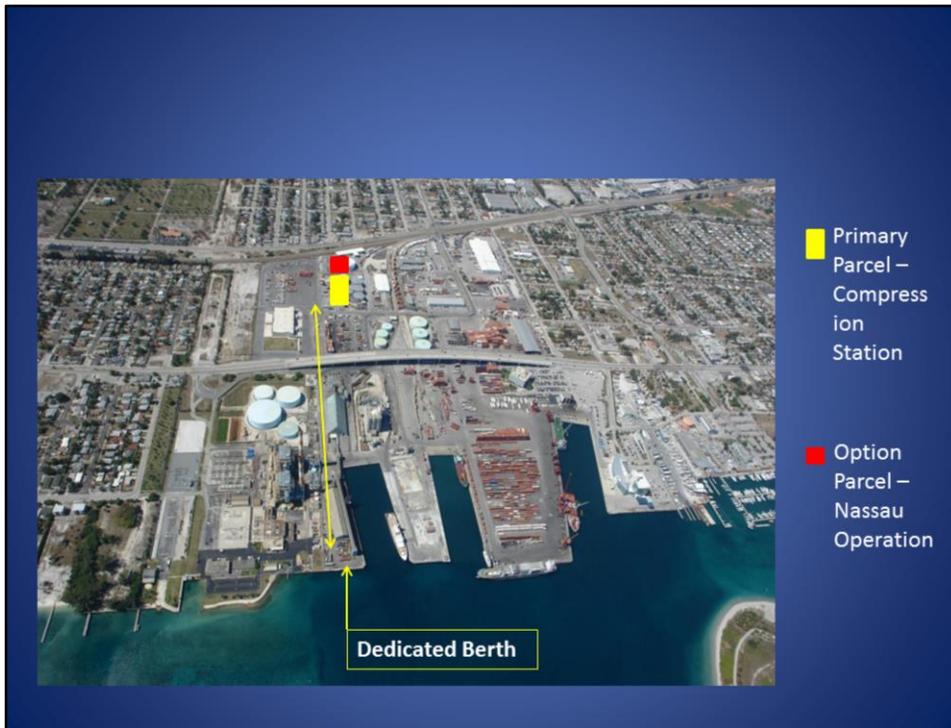
THE PROJECT...

- DAILY VESSEL SERVICE (YEAR-ROUND) FROM THE PORT OF PALM BEACH TO FREEPORT, GBI
- RO-RO VESSEL CARRYING 14 MAFI TRAILERS PER SAILING INITIALLY
- INTRASTATE PIPELINE WILL DELIVER NATURAL GAS TO THE PORT UNDERGROUND TO A COMPRESSION STATION
- CONTAINER UNITS SHOWN HERE WILL HOLD 520 CUBIC FEET OF CNG
- 14 WILL BE FILLED EACH DAY AND STAGED FOR TRANSPORT
- THIS PROJECT PROVIDES THE PORT WITH A NEW DEDICATED TENANT WITH REVENUE FLOW FOR 25+ YEARS; AS WELL AS EXPANSION OPPORTUNITIES

SHIPPING ROUTE (PORT OF PALM BEACH TO FREEPORT, GBI)



DAILY SHIPPING ROUTE FROM PPB TO FREEPORT, GBI
90 NAUTICAL MILES



AERIAL OF PORT...

- IDENTIFYING EMERAS DEDICATED BERTH FOR 8 HOURS PER DAY. THE PORT HAD PLANS TO REFURBISH THIS BERTH AND IS NOW ABLE TO MAKE SURE THAT IT MEETS THE NEEDS OF EMERA AND OTHERS.
- DEDICATED CARGO ROUTE TO/FROM THE LEASED PARCEL TO THE DOCK
- COMPRESSION STATION WILL BE BUILT ON THE PRIMARY PARCEL
- OPTION PARCEL WAS NEGOTIATED FOR EXPANSION INTO NASSAU
- WE ALSO NEEDED THE ABILITY TO RUN A BULK PIPELINE TO THE DOCK FOR THIS FUTURE GROWTH

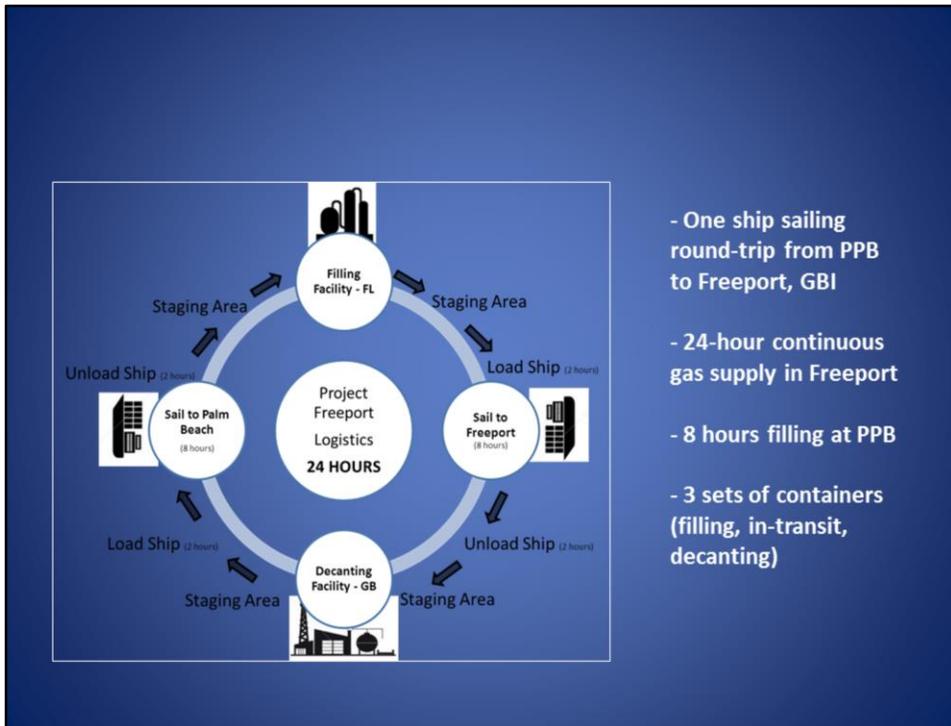
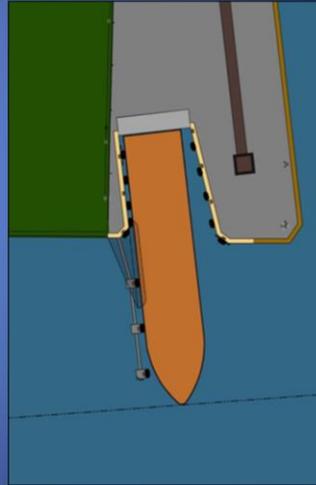


DIAGRAM SHOWS THE 24-HOUR CONTINUOUS GAS SUPPLY BEING PROVIDED TO FREEPORT

- ONCE THE TRAILERS ARE FILLED IN PPB, THEY ARE TAKEN TO A STAGING AREA UNTIL THE VESSEL ARRIVES – LOADED AND THEN THERE IS AN 8 HOUR TRIP TO FREEPORT
- THIS OPERATION WILL HAVE 3 SETS OF TRAILERS: ONE SET BEING FILLED IN PPB, ONE SET IN-TRANSIT AND ONE SET DECANTING IN FREEPORT
- ONCE IN FREEPORT, AND THROUGH THE DECOMPRESSION STATION, THE NATURAL GAS WILL BE DELIVERED TO THE POWER PLANT VIA: PIPELINE
- \$20M CAPITAL INVESTMENT IN FREEPORT ALONE
- PROVIDING FOR 70% OF THE ELECTRICAL ENERGY TO BE PRODUCED BY NATURAL GAS
- THIS PROCESS PROVIDES UNINTERRUPTED SUPPLY

Dock refurbishment in 2015

- \$9.2 million wharf refurbishment
- Design will maximize the efficiency of Emera's operation
- Fully funded in partnership with Florida Department of Transportation
- Construction schedule consistent with Emera's project timing



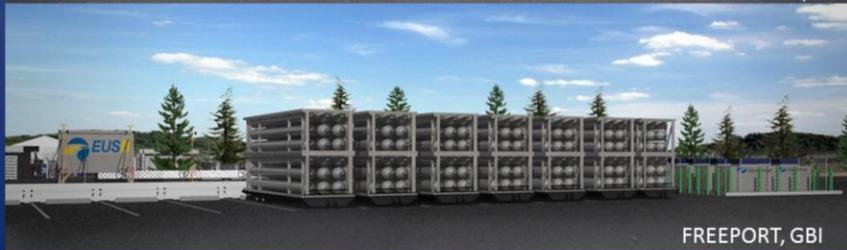
PORTS BERTH 17 REFURBISHMENT PROGRAM

- \$9.2 MILLION DOLLAR PROJECT WILL BE COMPLETE IN EARLY 2016
- DESIGN WILL MAXIMIZE THE EFFICIENCY OF EMERAS OPERATION
- WHARF PROJECT WAS FULLY FUNDED IN PARTNERSHIP WITH FDOT
- INPUT FROM EMERA AND OTHER PORT TENANTS THAT WILL BE USING THIS WHARF, AS WELL AS THE PPB PILOTS

DESIGN RENDERING OF FACILITIES



PORT OF PALM BEACH, FL



FREEPORT, GBI

DESIGN RENDERINGS FOR BOTH THE PORT OF PALM BEACH AND FREEPORT GBI

I WOULD NOW LIKE TO TURN THE PRESENTATION OVER TO OUR CFO/DEPUTY PORT DIRECTOR, PAUL ZIELINSKI WHO WILL TALK TO YOU ABOUT...

- THE UNIQUENESS OF THIS PROJECT TO OUR PORT
- TOOLS WE USED WHILE NEGOTIATING
- CHALLENGES WE FACED WITH THERE BEING NO CNG EXPORTS FROM US PORTS

EACH BUSINESS OPPORTUNITY IS UNIQUE

- FINANCIAL IMPLICATIONS
- OPERATIONAL CONSIDERATIONS
- ASSET UTILIZATION
- STRATEGIC CONSISTENCY

THANK YOU JARRA AND GOOD AFTERNOON

I WOULD LIKE TO START WITH SOME BASICS BEFORE I GET INTO THE CNG AGREEMENT WITH OUR PARTNERS - EMERA

EACH BUSINESS OPPRTUNITY IS UNIQUE IN BOTH WHAT IT HAS TO OFFER AND HOW IT CAN AFFECT A PORT

FINANCIAL IMPLICATIONS

AMOUNT AND TYPE OF REVENUE GENERATED AND FOR HOW LONG
INCREASES IN EXPENSES THAT DIMINISH THE IMPACT ON PROFITS
INVESTMENT REQUIREMENTS: EITHER ONGOING OR INITIAL

OPERATIONAL CONSIDERATIONS

SYNERGY OR CONFLICT WITH EXISTING BUSINESSES
MANPOWER DEMANDS INCLUDING OFFICE STAFF
PORT EXPERIENCE AND COST OF LEARNING CURVE

ASSET UTILIZATION

ALLOCATION OF EXISTING INFRASTRUCTURE
NEW CONSTRUCTION COST AND TIMING

STRATEGIC CONSISTENCY

SHORT / LONG TERM CONTRIBUTION
INTEGRATION OR NEW DIRECTION

PORTS ARE STRUCTURED DIFFERENTLY	EVALUATION CRITERIA ENDLESS
▪ OPERATING PORT / LANDLORD PORT	▪ RETURN ON INVESTMENT
▪ DEPENDENT / INDEPENDENT	▪ RETURN ON ASSETS
▪ COMMODITY DEPENDANT / DIVERSE	▪ BREAKEVEN POINT
▪ TAXING / NON TAXING	▪ ECONOMIC IMPACT ANALYSIS
	▪ ETC., ETC., ETC.

PORTS THEMSELVES ARE DIFFERENT

OPERATING OR LANDLORD PORT

DEPENDENT OR INDEPENDENT

COMMODITY DEPENDENT OR DIVERSE

TAX REVENUE RELIANT OR SOLELY PROFIT DEPENDENT

THEN LET'S CONSIDER ALL THE TEXTBOOK EVALUATION MODELS OUT THERE

RETURN ON INVESTMENT

IN SOME CASES INVESTMENT IS MINIMAL

RETURN ON ASSETS

MAJOR DIFFERENCE BETWEEN LANDLORD AND OPERATING PORT'S PROJECTS

BREAKEVEN POINT

CASH-FLOW ORIENTED MORE THAN PROFITABILITY

ECONOMIC IMPACT ANALYSIS

TRULY COMPLEX BUT IMPORTANT WHEN VIEWING PORTS FROM 30,000 FEET AS DRIVING LOCAL ECONOMIES

PORT PROFIT MAY EVEN BE SACRIFICED

TENS, IF NOT HUNDREDS OF OTHER CALCULATIONS

NEED TO FIND THE ONE THAT BEST FITS YOUR PORT AND ITS GOALS

PORT OF PALM BEACH DISTRICT

- LANDLORD PORT
- LAND CONSTRAINED
- SPECIAL DISTRICT OF THE STATE
- NO TAX REVENUE
- LIMITED CARGO DIVERSITY

THE PORT OF PALM BEACH IS A LANDLORD PORT. WE DO NOT OWN OR OPERATE ANY CRANES, GANTRIES OR FORKLIFTS.

WE SIMPLY LEASE OUR LAND AND WAREHOUSES, EITHER SHORT- OR LONG-TERM, AND CHARGE FOR CARGO COMING IN OR LEAVING THE PORT.

WE ARE LAND CONSTRAINED, AS THE CITIES OF RIVIERA BEACH AND WEST PALM BEACH HAVE GROWN UP AROUND US.

WE ARE A SPECIAL DISTRICT OF THE STATE AND WHILE NOT DIRECTLY REPORTING TO ANY COUNTY OR CITY GOVERNMENT WE HAVE THE NEED TO WORK CLOSELY WITH THEM. SOMETIMES OUR OBJECTIVES SEEM CONTRADICTIONARY.

WHILE WE CAN TAX, WE HAVE NOT FOR THE PAST 40 YEARS. AS SUCH, WE MUST GENERATE PROFITS TO NOT ONLY MAINTAIN AND ENHANCE THE PORT BUT TO SURVIVE.

ALL OF THE ABOVE HAS RESULTED IN OUR HAVING LIMITED CARGO DIVERSITY. AS A RESULT, THE LAST ECONOMIC RECESSION HIT THE PORT OF PALM BEACH EXCEPTIONALLY HARD.

PORT OF PALM BEACH DISTRICT

- MOST VALUABLE ASSET IS OUR LAND
 - ONLY 160+ ACRES
 - LAND LOCKED
 - APROXIMATELY 1/3 OF GROSS REVENUE FROM RENTS

PRIMARY EVALUATION CRITERIA CONSIDERED IS:
REVENUE GENERATED PER ACRE UTILIZED

SO AS YOU CAN SEE THE PORT OF PALM BEACH'S MOST VALUABLE ASSET IS OUR LAND.

WE ONLY HAVE ABOUT 160 ACRES TO WORK WITH.

QUITE A BIT OF PROPERTY IS UNDER LONG-TERM LEASES THAT HAVE BEEN IN EXISTENCE FOR DECADES.

WE ARE LAND LOCKED BOTH PHYSICALLY AND THROUGH INTERLOCAL AGREEMENTS, MEANING EXPANSION IS NOT AN EASY POSSIBILITY.

AS A RESULT, APPROXIMATELY 1/3 OF OUR NET REVENUES ARE GENERATED BY RENTS.

IT IS, THEREFORE, EASY TO SEE WHY THE PRIMARY CRITERIA WE USE TO EVALUATE LONG-TERM AGREEMENTS IS VERY SIMPLE:

REVENUE GENERATED PER ACRE UTILIZED

EMERA CHALLENGES

- OVERALL
 - NEW COMMODITY FOR PORT / PORT INDUSTRY
 - NEW VENTURE FOR EMERA
 - EVOLVING BUSINESS MODEL
 - HIGHLY REGULATED INDUSTRY
 - COMMUNITY EDUCATION AND SUPPORT IMPERATIVE

WITH THAT SAID, LET'S MOVE ON TO THE EMERA AGREEMENT.

THERE WERE SOME VERY INTERESTING CHALLENGES THAT WE FACED FOR NEARLY TWO YEARS OF NEGOTIATIONS:

NEW COMMODITY (CNG IN TRAILERS) FOR THE PORT AND PERHAPS FOR THE DOMESTIC PORT INDUSTRY

IT WAS A NEW VENTURE FOR EMERA. ALSO, THEIR DIRECTION AND TEAM CHANGED SEVERAL TIMES

EMERA'S BUSINESS MODEL CHANGED SEVERAL TIMES, INCLUDING THE WAY THE GAS WAS TO BE EXPORTED AND HOW OR WHERE IT WAS TO BE COMPRESSED

WE LEARNED QUICKLY WE WERE DEALING IN A HIGHLY REGULATED INDUSTRY WHERE YOUR TIMING AND EXPECTATIONS WERE AT THE MERCY OF THE GOVERNMENT

EMERA'S EXPERIENCE AS THE MAJOR GAS COMPANY IN CANADA WAS QUICK TO HIGHLIGHT THE NEED FOR COMMUNITY EDUCATION AND SUPPORT

EMERA CHALLENGES

OPERATIONAL ISSUES

- GUARANTEED DAILY BERTHING
- TWO ACRE REQUIREMENT TO START
- DIRECT, UNIMPEDED ACCESS TO DOCK
- WEIGHT OF TRAILERS 100,000 POUNDS
- HEAVY DUTY RO/RO RAMP REQUIRED
- EASY ACCESS TO GAS SUPPLY

THE PROJECT ALSO IDENTIFIED SOME VERY SPECIFIC OPERATIONAL NEEDS:

EMERA NEEDED A GUARANTEED BERTH FOR AS MUCH AS AN 8 HOUR PERIOD EVERY DAY

THEY ULTIMATELY IDENTIFIED THE NEED FOR A TWO-ACRE PARCEL. ON A LAND-POOR PORT, THIS WAS NO EASY TASK

THEY NEEDED A ROUTE TO THE DOCK THAT WAS AS DIRECT AS POSSIBLE AND THAT DID NOT REQUIRE ANY SIGNIFICANT MOVEMENT OF THE TRAILERS

THEY NEEDED TO SHIP AND RECEIVE AS MANY AS 15 TRAILERS EACH DAY. AND EACH TRAILER WEIGHS IN EXCESS OF 100,000 POUNDS EMERA WILL BE MOVING APPROX. 3.0 MILLION POUNDS A DAY!

BECAUSE OF THAT, WE IDENTIFIED THE NEED FOR A HEAVY DUTY RO/RO RAMP AND ROADWAY TO TAKE THE DAILY WORKLOAD

AND THEY NEEDED A LOCATION ON THE PORT THAT HAD READY ACCESS TO A NATURAL GAS SUPPLY

EMERA CHALLENGES

FINANCIAL HURDLES

- PRICING CHALLENGES
- LONG-TERM ECONOMIC PROTECTION
- EXPANSION IMPLICATIONS
- CAPITAL / FUNDING NEEDS

MY PERSONAL EFFORTS FOCUSED ON THE FINANCIAL CHALLENGES:

PRICING CHALLENGES

FIND AN ACCEPTABLE BASIS FOR A NEW COMMODITY
ASSURE THE RATES APPLICABILITY TO BULK AND
TRAILER SHIPMENTS

REACH AN AGREEMENT ON MINIMUMS FOR NOT ONLY
BOTH BUT FOR ANY COMBINATION OF BOTH

LONG-TERM ECONOMIC PROTECTION

NEEDED TO PROTECT THE PORT FOR AS MUCH AS 25
YEARS DEALING IN A COMMODITY THAT IS STILL
EVOLVING AS A MAJOR COMPONENT OF THE US
DOMESTICE NEED AND EXPORT MARKET.

EMERA INSISTED ON EXPANSION POTENTIAL BEING INCLUDED

NEEDED TO ADD AN ACRE AND ADJUST PAYMENTS FOR
ANYTIME IN THE FIRST 5 YEARS OF THE
AGREEMENT

AGREE ON INCREASE IN MINIMUMS: BOTH TRAILER,
BULK OR COMBINATION

CAPITAL/FUNDING NEEDED TO BE SECURED

NEW BERTH NEEDED TO ASSURE AVAILABILTY
HEAVY DUTY RO/RO NEEDED

ROADWAYS NEEDED TO BE PAVED AND REINFORCED
LASTLY, REPAIR AND MAINTENANCE FOR 25 YEARS

NEEDED TO BE FUNDIED

TRADITIONAL RATES INAPPROPRIATE

- WEIGHT OF CONTAINER
 - OVER 20 TIMES WEIGHT OF PRODUCT
- LIQUID FUEL RATES
- CONVERTING CNG THERMS TO THERMS OF OIL
- TARIFF HEAVY LIFE FEE EXCESSIVE

WOULD LIKE TO DISCUSS THE PRICING AND HOW IT WAS AGREED UPON:

TRADITIONAL TARIFF RATES FOR COMMODITIES DIDN'T WORK.

WEIGHT OF TRAILER WAS OVER 100,000 POUNDS:
GAS WEIGHT WAS INSIGNIFICANT

LIQUID RATES WERE TRIED BUT THE RESULTS WERE INAPPROPRIATE.

EVEN TRIED CONVERTING CNG TO THERMS THEN CONVERTING
THERMS TO OIL BARRELS AND USING FUEL OIL PRICING – NO GOOD!

ADD THIS TO THE FACT THAT OUR TARIFF HAS HEAVY LIFT FEES BUT IT
IS TARGETED TO AN OCCASIONAL PROJECT CARGO. IF APPLIED TO THIS
BUSINESS MODEL, FEES WOULD HAVE RACHED NEARLY \$5.0 MILLION
PER YEAR AND DERAILED THE DEAL.

USED VALUE TO DISTRIBUTION SYSTEM

- NG WAS ABOUT \$4.20/1000 C.F.
- GAS DISTRIBUTOR TARIFF WAS \$3.90/1000 C.F.
- GAS DISTRIBUTOR NEGOTIATED VOLUME DISCOUNTS
- SET TARIFF RATE AT 10% OF DISTRIBUTION SYSTEM

SO WE STARTED WITH A CLEAN SHEET OF PAPER!

WE VIEWED OURSELVES AS AN INTEGRATED PART OF THE COMMODITIES DISTRIBUTION SYSTEM TO BRING GAS TO THE VESSEL EACH DAY.

THE COST ONCE IT LEFT SHORE TO SAIL TO FREEPORT WAS MUCH TOO UNIQUE TO EVEN CONSIDER.

NATURAL GAS WAS SELLING AT ABOUT \$4.00/1000 CF AT THE TIME WE DID THE ANALYSIS.

THE GAS DISTRIBUTOR TARIFF WAS PUBLISHED AT \$3.90/1000 CF.

CONVERSATION WITH THE DISTRIBUTOR DETERMINED THAT THE VOLUME OF OUR CUSTOMER WOULD WARRANT THE DISTRIBUTOR TO OFFER VOLUME DISCOUNTS BUT THAT INFORMATION WAS PROPRIETARY.

AFTER NUMEROUS SCENARIOS AND NEGOTIATIONS, WE AGREED UPON THE PORT RATE (TARIFF) BEING APPROXIMATELY 10% OF THE DISTRIBUTION COST FROM THE WELL HEAD TO THE DOCK.

WE ESTABLISHED A TARIFF RATE FOR CNG AT \$.40/1000 CF.

CNG TARIFF RATE - \$.40/1,000 C.F
(ESTABLISHED TIER VOLUME DISCOUNTS)

- GENERATED \$500,000/ACRE/YEAR AT MINIMUM
- INCLUDED ALL COSTS
- CONVERTED TO A CHARGE/TRAILER
- ALLOWED FOR BULK RATE CALCULATION FOR EXPANSION

GENERATED A RETURN ON INVESTMENT IN EXCESS OF 30%

WE THEN ENTERED INTO NEGOTIATIONS TO ESTABLISH A VOLUME DISCOUNT TIER STRUCTURE THAT ENTICED EMERA TO CONSIDER FUTURE EXPANSION.

THE AGREED TARIFF RATE AND NEGOTIATED TIER STRUCTURE WILL GENERATE AN INITIAL REVENUE FOR THE PORT OF \$950,000/YEAR.

THAT IS NEARLY \$500,000/ACRE USED!!!

THE AGREEMENT HAS A BUILT IN INFLATION INCREASE OF 5% PER YEAR FOR THE NEXT 20 YEARS.

THE RATE INCLUDES ALL COSTS: LAND LEASE, WHARFAGE, DOCKAGE AND SECURITY.

IT WAS CONVERTED TO A PER-TRAILER RATE TO ALLOW EASY BILLING WHEN THE MINIMUM WAS EXCEEDED.

THE CONTRACT INCLUDES THE ACTUAL CHARGES UNDER THE BASE SCENARIO, THE EXPANSION SCENARIO AND FOR BOTH BULK AND TRAILER SHIPMENTS. THERE IS NO AMBIGUITY OVER CHARGES FOR THE NEXT 25 YEARS.

AND FOR THOSE TRADITIONALISTS, IT GENERATED A 30 % RETURN ON INVESTMENT - BUT THAT IS MISLEADING.

FINAL HURDLE – CAPITAL REQUIRED

- ESTIMATED TO BE APPROXIMATELY \$ 9.2 MILLION
 - NEW MINI-SLIP
 - HEAVY CARGO RO/RO RAMP
 - REINFORCED ROADWAYS
- PORT FUNDING AT 50% OF TOTAL OR \$4.6 MILLION
- NEGOTIATED \$4.0 MM FRONT-END PAYMENT
 - PROVIDED PORT FUNDING
 - LOWERED EMERA OPERATING COST
 - MAINTAINED PORT REVENUE / RETURN

THE FINAL HURDLE THE PORT FACED WAS RAISING THE CAPITAL FOR THE PROJECT.

WHILE WE HAD SUFFICIENT CASH TO MEET THE REQUIREMENTS, IT WOULD HAVE MEANT DELAYING SOME MUCH NEEDED CAPITAL IMPROVEMENTS AT THE PORT

WE NEEDED \$9.2 MILLION TO
BUILD THE NEW MINI-SLIP
CONSTRUCT THE HEAVY DUTY CARGO RAMP
REINFORCE THE ROADWAYS

WE WERE ABLE TO SECURE 50% FUNDING FROM FDOT

HERE IS WHERE WE NEEDED TO WORK HARDEST WITH EMERA:
WE NEGOTIATED A \$4.0 MILLION UP FRONT PAYMENT,
WHICH PROVIDED US ALL BUT A MINOR
AMOUNT OF THE CASH NEEDED
LOWERED EMERA'S ANNUAL EXPENSES TO IMPROVE
REPORTED PERFORMANCE
MAINTAINED/ MADE ENHANCES TO PORT REVENUE
AND RETURN

EMERA AGREEMENT – PRIMARY FINANCIAL TERMS

- CASH PAYMENTS (NON-REFUNDABLE)
 - \$2,000,000 UPON APPROVAL TO EXPORT FROM DOE
 - \$2,000,000 UPON FIRST SHIPMENT

- RESERVATION PERIOD – 12 MONTHS AT \$7,500/MONTH
 - PORT CAN USE PROPERTY TO PRODUCE REVENUE

EMERA AGREEMENT – PRIMARY FINANCIAL TERMS

- EARLY OCCUPANCY PERIOD (CONSTRUCTION) – 27 MONTHS
 - FIRST 12 MONTHS AT \$15,000 /MONTH
 - NEXT 15 MONTHS AT \$27,000/MONTH
- OPERATIONAL PERIOD
 - 20 YEARS, PLUS 5 YEAR OPTION
 - YEAR 1 - \$650,000 for up to 12,000 TRAILERS LEAVING / ARRIVING
 - INCREASES BY 5%/YEAR IN BASE LEASE / 3%/YEAR DURING OPTION

CONTRACT HANDOUTS

- ANNUAL CARGO FEE/LEASE PAYMENT SCHEDULE
 - ALLOCATION OF BASE PAYMENTS TO REVENUE CATEGORIES
 - RATES PER EXCESS TRAILERS
- EXERCISE OF LAND OPTION
 - INCREMENTAL PAYMENTS FOR ADDITIONAL 1.1 ACRES
 - CONVERSION TABLE FOR BULK SHIPMENTS
- REVENUE RECOGNITION SCHEDULE
- AGREEMENT TERM SHEET

JARRA AND I HAVE PROVIDED YOU SOME HANDOUTS TODAY TO ASSIST YOU IN BETTER UNDERSTANDING HOW THE TRANSACTION WAS STRUCTURED AND DOCUMENTED IN THE ACTUAL AGREEMENT.

ANNUAL CARGO FEE/LEASE PAYMENT SCHEDULE

ALLOCATION OF BASE PAYMENTS INTO THE TRADITIONAL PORT REVENUE CATEGORIES
PROVIDES THE PER-TRAILER RATES FOR EXCESS SHIPMENT FOR EACH YEAR

EXERCISE OF LAND OPTION

INCREMENTAL PAYMENTS IF 1.1 ACRE LAND OPTION IS EXERCISED
INCLUDES A CONVERSION FORMULA IF BULK SHIPMENTS ARE STARTED COULD ADD AS MUCH AS \$14.0 M TO CONTRACT

NEXT, I SPOKE ABOUT THE \$4.0 MILLION UPFRONT PAYMENT. THAT WAS CLASSIFIED AS PREPAYMENTS

\$2.0M WILL BE TAKEN AT \$100,000/YR FOR 20 YEARS AS HEAVY LIFT FEE
\$2.0 M WILL BE TAKEN AT \$200,000/YR FOR 10 YEARS AS REFURBISHMENT FEE
AS SUCH, THEIR \$650,000 PAYMENT WILL BE RECORDED AS \$950,000 IN REVENUE

FINALLY, WE ARE PROVIDING THE TERM SHEET THAT WAS PRESENTED TO OUR BOARD TO SUMMARIZE THE TRANSACTION WHEN SEEKING THEIR APPROVAL.

MET PORT'S STRATEGIC GOALS

- CONTINUED TO INCREASE REVENUE GENERATED/ACRE
- DIVERSIFIED PORT'S EXPORT PORTFOLIO
- LONG TERM, INFLATION PROTECTED, REVENUE STREAM
- ALLOWED FOR FUTURE GROWTH AND EXPANSION

THE EMERA AGREEMENT MET OR EXCEEDED THE PORT'S STRATEGIC GOALS.

CONTINUED TO INCREASE THE PORT'S OVERALL REVENUE PER ACRE UTILIZED.

DIVERSIFIED OUR PORTFOLIO TO ASSIST IN BETTER INSULATING US IN A RECESSIONARY ECONOMY.

ESTABLISHED A LONG-TERM, INFLATION PROTECTED REVENUE STREAM.

ALLOWED FOR BOTH FUTURE GROWTH AND EXPANSION FROM A STABLE VIABLE TENANT.

CURRENT SITUATION

- EMERA IS AWAITING APPROVAL TO EXPORT CNG FROM THE US TO FREEPORT, GBI (NON-FREE TRADE COUNTRY)
- DRAFT ENVIRONMENTAL ANALYSIS HAS BEEN ISSUED - CURRENTLY IN THE 30-DAY PUBLIC COMMENT PERIOD
- FINAL ENVIRONMENTAL REPORT TO BE ISSUED THEREAFTER
- DOE APPROVAL

QUESTIONS?