

## QUESTIONS IN REGARDS TO THE MASTER LEASE RFP

1. Based on the reduction in liabilities by 60% and annual sales growth of 10%, under your current leadership and oversight by the Board, has IIPD established specific criteria for the selection of a MLH? And if so, can you provide them to us?

- **RESPONSE:** The RFP includes detailed discussion of the criteria which will be reviewed. Specifically, Section III and VI of the RFP set forth specific details concerning the elements that will be used to evaluate respondents' capabilities and skills to perform under a master lease opportunity.

2. Given the strategic importance of the MLH for IIPD and the community, would IIPD consider extending the response deadline in order to allow proponents to submit an optimized proposal?

- **RESPONSE:** As noted within the RFP, the IIPD reserves the right to modify, terminate, or restart the process at any time. Respondent(s) are urged to refer frequently to IIPD's website located at: [www.iipd.com](http://www.iipd.com). IIPD will post questions from Respondent(s) and IIPD's responses as well as corrections, addenda and updates to this RFP, if any on IIPD's website. To the extent any modification is made to the key dates noted within the RFP, including the response deadline, this information will be posted on the IIPD's website.

3. The study from 2012 references five zones including the golf course. Does the RFP require proponents to prepare a proposal for all five zones or only the three Port operational zones?

- **RESPONSE:** As noted in the RFP, the 2012 Strategic and Capital Needs Study (the "2012 Study")<sup>1</sup> categorizes the IIPD's physical and contractual assets and conceptually organized each into five discrete components, from which multiple transaction opportunities were discussed for consideration, with railroad access rights comprising a sixth component. The current RFP further categorizes the assets into four distinct categories and seeks submission of proposed responses with respect to one or more of the components as well as any combination or the whole, at the discretion of each respondent. These components are depicted generally in the aerial exhibits below and include:

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<sup>1</sup> The June 2012 Strategy & Capital Needs Study and the referenced report were prepared by an advisory team consisting of prepared by an advisory team including BMO Capital Markets GKST, Inc., Acacia Financial Group and Cabrera Capital Markets.



1. Iroquois Landing (a. Developed Land & b. Undeveloped Land)
2. Lake Calumet - East Side Area (a. North & b. South)
3. Lake Calumet - West Side Area
4. Track Access Rights (Shown in Yellow)

Outside of these four elements, solicitation or proposals are not specifically being sought under this RFP for any other IIPD property including the areas north and west of the Lake Calumet (West Side Area) which are identified in the 2012 Study as the Harborside International Golf Center area or the Square Marsh area.

- With respect to the golf course, the IIPD is currently under contract with KS Harborside, LLC pursuant to a Management Agreement governing the operation and management of the Harborside International Golf Center, including the 36-hole golf course, driving range, golf and practice teaching areas, driving range clubhouse and clubhouse containing a restaurant and pro shop.

- The RFP is intended to provide the conceptual framework of the proposed transaction(s) and solicits responses on key valuation, structure and due diligence considerations. Additionally, while it would be the IIPD's preference a single master lessee, IIPD is willing to consider alternative proposals for sub-components.
4. The previous RFP required proponents to absorb EPA liabilities for the lands; the current RFP makes no such reference. Are proponents required to take on these liabilities now and going forward?
- **RESPONSE:** Defining contractual obligations with respect to environmental liabilities is customary within ground and facility lease agreements and should be anticipated in relation to the interests subject to a master lease opportunity. Respondents are encouraged to include any suggested or required due diligence considerations, contingencies and/or conditions within their responses.
5. Aging infrastructure and potential issues arising with respect to utilities such as lift stations, electric sub stations, fire suppression systems, roofs, and rail infrastructure, etc. need to be evaluated. Would IIPD consider extending the current deadline to allow due diligence prior to submittal rather than selecting a potential MLH and entering in a due diligence with a single candidate?
- **RESPONSE:** As noted within the RFP, the IIPD reserves the right to modify, terminate, or restart the process at any time. Respondent(s) are urged to refer frequently to IIPD's website located at: [www.iipd.com](http://www.iipd.com). IIPD will post questions from Respondent(s) and IIPD's responses as well as corrections, addenda and updates to this RFP, if any on IIPD's website. To the extent any modification is made to the key dates noted within the RFP, including the response deadline, this information will be posted on the IIPD's website.
6. Assuming there is no extension to the current deadline and given that the RFP solicits proponents on key valuation, structure and due diligence considerations, can you provide an indication on how long the allowed due diligence period will be?
- **RESPONSE:** Respondents are encouraged to include any suggested or required due diligence considerations, contingencies and/or conditions within their responses. An exclusivity period of 60-days, or longer, is envisioned for purposes of negotiating fixed contractual terms no less favorable than those described in the Response of the selected Respondent(s).
7. Several options were suggested in response to the RFP including, cash up front for liabilities or debt, a future rent payment and potential revenue sharing, but what will IIPD do as a governing entity to assist in future development of the port district regarding funding for infrastructure development. For example, recently IIPD was awarded significant funding to upgrade rail infrastructure and refurbish Butler Drive. As a quasi-government agency, does IIPD intend to continue in this role and with respect to the

recent award for Butler Drive, could this award be in jeopardy now that this RFP has been made public?

- **RESPONSE:** IIPD will continue its operations in a capacity and manner in accordance with its statutory charter pursuant to the Illinois International Port District Act, (70 ILCS 1810/1, *et seq.*), including by petitioning any federal, state, municipal or local authority on matters, which in the opinion of the IIPD, may be designed to improve or better the handling of commerce in and through the Port District or improve the terminal and transportation facilities in the Port District.

8. Can IIPD provide us with a current YTD Financial as we are in eighth month of the 2018 calendar year?

- **RESPONSE:** Current year-to-date financial information concerning the IIPD's operations is publicly-available on the IIPD's website under the following weblink: <http://iipd.com/studies-reports/financial-statements>.

9. IIPD has been proactive with the Alderwoman, legislators, City Hall, Environmental groups, and the USACE dredging initiative to find a future confined disposal site, etc. Does the IIPD intend to continue to be active in these areas?

- **RESPONSE:** As noted above, IIPD will continue its operations in a capacity and manner in accordance with its statutory charter pursuant to the Illinois International Port District Act, (70 ILCS 1810/1, *et seq.*), including by petitioning any federal, state, municipal or local authority on matters, which in the opinion of the IIPD, may be designed to improve or better the handling of commerce in and through the Port District or improve the terminal and transportation facilities in the Port District. With respect to dredging, IIPD and maritime operations within the District are directly benefitted by the maintenance dredging activities performed by the U.S. Army Corps of Engineers (USACE) within the Calumet Harbor & River area. As maintenance dredging will continuously be needed to support safe and efficient navigation within Calumet Harbor & River, including to and from the Port District locations, IIPD has a vested interest in the continued efforts to identify a future confined disposal site for dredging material. Further information regarding the extent of USACE's dredging activities is available on the USACE, Chicago District website at: <https://www.lrc.usace.army.mil/Missions/Civil-Works-Projects/Calumet-Harbor-and-River/>.

10. Is BMO or prior team members involved with the RFP as they were previously leading the initiative?

- **RESPONSE:** IIPD has previously retained consultants through RFP processes to assist in reviewing master lease opportunities and has from time to time sought, and in its discretion may continue to seek, assistance from consultants where beneficial or necessary.

11. In the past, the Mayer Brown law firm represented the interests of IIPD in the RFP process. Does the IIPD intend to maintain the same service providers or will it go out for an RFP?

- **RESPONSE:** IIPD has previously retained consultants through RFP processes to assist in reviewing master lease opportunities and has from time to time sought, and in its discretion may continue to seek, assistance from consultants where beneficial or necessary.

12. Given the short timeframe for the RFP, can IIPD confirm that all board members have received the required information and training (if needed) to ensure the process is valid under all bylaws?

- **RESPONSE:** Matters concerning the IIPD Board are maintained in accordance with the By-Laws of the Illinois International Port District, amended April 1, 2013, which are publicly-available at the following weblink: <http://iipd.com/about/laws>.

13. As you have identified criteria such as FTE creation, upfront cash injection and revenue sharing, could you please provide us with your evaluation grid showing how these criteria will be evaluated and the relative weight to be given to each?

- **RESPONSE:** In addition to the criteria set forth within the RFP, to the extent updated information is provided in response to this item, it will be made available on the IIPD's website.

14. The RFP makes reference to potentially splitting the MLH agreement between parties; can proponents submit multiple proposals or can a Consortium offer be applicable?

- **RESPONSE:** Yes, respondents may submit multiple proposals and IIPD is willing to consider proposals amongst a consortium. All timely and responsive proposals will be considered. As stated in the RFP, while it is the preference for IIPD to select a single master lessee, IIPD is willing to consider alternative proposals for sub-components.

15. Does the IIPD have policies or regulations that define its procurement process as envisioned by the Illinois International Port District Act, 70 ILCS 1810 Section 5.02? If so, may we get a copy?

- **RESPONSE:** The regulations applicable to certain leases and contracts for the operation of its public warehouses and public grain elevators constructed prior to August 6, 1963 are stated within Section 5.02 Illinois International Port District Act, (70 ILCS 1810/5.02). With respect to the current master lease opportunity, please refer to the RFP for specific details and instructions.

16. Most public procurements have evaluation criteria that are made known to the bidders to help them better respond to the public agency's needs. Will the IIPD disclose what

evaluation factors will be applied to the proposals? For instance, the RFP refers to "enhancing regional growth and employment opportunities." Can IIPD indicate which of these more important, regional growth or employment opportunities? What other factors will be applied?

- **RESPONSE:** Please refer to the RFP. The RFP includes detailed discussion of the criteria which will be reviewed and considered. Specifically, Section III and VI of the RFP set forth specific details concerning the elements that will be used to evaluate respondents' capabilities and skills to perform under a master lease opportunity. In addition to the criteria set forth within the RFP, to the extent updated information is provided in response to this item, it will be made available on the IIPD's website.

17. The RFP refers to Federal statutes. Will the IIPD be using Federal funds in performing the lease?

- **RESPONSE:** Please refer to the RFP. IIPD will continue its operations in a capacity and manner in accordance with its statutory charter pursuant to the Illinois International Port District Act, (70 ILCS 1810/1, *et seq.*), including by petitioning any federal, state, municipal or local authority on matters, which in the opinion of the IIPD, may be designed to improve or better the handling of commerce in and through the Port District or improve the terminal and transportation facilities in the Port District.

18. What process will the IIPD provide for disappointed bidders who have committed substantial resources to responding to the RFP and have questions concerning any award?

- **RESPONSE:** Respondents' election to participate and/or respond to the RFP should be considered solely at their own risk and expense. IIPD is not responsible for costs or damages incurred by Respondents, member(s), partners, subcontractors or other interested parties in connection with the RFP process, including but not limited to costs associated with preparing the Proposal and of participating in any conferences, site visits, product system demonstrations, oral presentations or negotiations.

19. Who will be evaluating the proposals? If consultants, will they be vetted for conflicts?

- **RESPONSE:** Any contractual matters resultant from the RFP process will be considered by the IIPD Board in accordance with the IIPD Act and By-laws, among other matters. Additionally, IIPD has previously retained consultants through RFP processes to assist in reviewing master lease opportunities and has from time to time sought, and in its discretion may continue to seek, assistance from consultants where beneficial or necessary.

20. Given the extremely short timeframe of +/-30 days within which to respond to a very complex and large project is the IIPD merely seeking indicative values subject to refinement after potential bidders gain further understanding of the details of the leases in place as well as other revenue sources?

- **RESPONSE:** Respondents are encouraged to include any suggested or required due diligence considerations, contingencies and/or conditions within their responses. An exclusivity period of 60-days, or longer, is envisioned for purposes of negotiating fixed contractual terms no less favorable than those described in the Response of the selected Respondent(s).

21. Is it correct to assume that the Master Lease will include all riparian rights? Will dredging costs, if any, be covered?

- **RESPONSE:** Under the IIPD Act, a primary mission of the IIPD includes studying and implementing harbor plans within area of the District to meet changing business and commercial needs. The IIPD Act enumerates certain rights and powers in and to the IIPD including, among others, the power to issue permits for the construction of all wharves, piers, dolphins, booms, weirs, breakwaters, bulkheads, jetties, bridges of other structures of any kind over, under, in or within 40 feet of any navigable waters within the Port District.
- With respect to dredging, the U.S. Army Corps of Engineers (USACE) regularly performs maintenance dredging to provide sufficient depths for safe and efficient navigation within Calumet Harbor & River. The federally- maintained portion of the waterway serving the District includes an approach channel and outer harbor channel, protected by two miles of breakwater, and a river channel. The channel is 4.4 miles long within the harbor and extends 6.7 miles down the Calumet River to Lake Calumet. Along the river channel are three turning basins that are also maintained as part of the federal navigation channel. Authorized depths, used by deep-draft vessels are 29 feet in the approach channel, 28 feet in the outer harbor, and 27 feet in the river. Further information regarding the extent of USACE's dredging activities is available on the USACE, Chicago District website at: <https://www.lrc.usace.army.mil/Missions/Civil-Works-Projects/Calumet-Harbor-and-River/>. Additional dredging rights and obligations for locations within the District that are outside of those maintained by USACE have historically been stated and/or enumerated amongst tenants within the District, within individual tenant leases. Respondents should take into account any dredging obligations not otherwise undertaken by USACE which may impact or relate to harbor plans and/or use or development of areas within the District within any Response.

22. Will detailed information and leases not available in the public domain be available to potential investors subject to execution of a NDA?

- **RESPONSE:** Yes.