



STATE OF SOUTH CAROLINA
OFFICE OF THE GOVERNOR

MARK SANFORD
GOVERNOR



STATE OF GEORGIA
OFFICE OF THE GOVERNOR

SONNY PERDUE
GOVERNOR

TERM SHEET

WHEREAS, Governor Sanford and Governor Perdue, as the chief executive officers of their respective states, recognize that the capacity at the existing ports in Charleston and Savannah is finite and that their states' businesses and industries have a need for increased access to marine terminal facilities to import and export goods associated with their activities for the benefit of each of the states, the United States and for international commerce generally; and

WHEREAS, Governor Sanford and Governor Perdue believe that the most practical means of increasing each state's capacity for marine-related transportation facilities is to: a) build a new maritime terminal on the Savannah River in Jasper County, South Carolina, and b) improve access to both the new terminal in Jasper County and the existing and potential new or expanded terminals in Garden City and Savannah, Georgia; and

WHEREAS, in order to expedite and facilitate the building of the new terminal in Jasper County and to improve access to this new terminal and the existing and potential new or expanded terminals in Garden City and Savannah, Governor Sanford and Governor Perdue are desirous of setting forth herein their mutual intent to cooperate and coordinate in all appropriate respects and to promote and advocate in good faith the taking and occurrence of any and all actions necessary to those ends, including, without limitation, those set forth herein;

WHEREAS, Governor Sanford and Governor Perdue recognize the importance of the environmental resources in the Savannah River and the surrounding areas, and the need for wise use and long-term sustainability of these resources through planning and cooperation on resource management in a regional and cooperative manner, and are proposing the actions herein in a manner that balances the need for economic development and protection of sustainable natural resources to the maximum extent feasible;

NOW, THEREFORE, to promote and advocate the taking of actions necessary to build a new maritime terminal on the Savannah River in Jasper County and to improve access to both this new terminal and the existing and potential new or expanded terminals in Garden City and Savannah, and to establish a framework from which their respective state legislatures can draft and adopt a formal compact to accomplish those objectives, Governor Sanford and Governor Perdue set forth this Term Sheet.

THE JASPER COUNTY MARITIME TERMINAL

1. Governor Sanford and Governor Perdue will use their best efforts as the Governors of their respective states to promote the development of a maritime terminal, by the two states on an equal basis through an appropriate entity (the Bi-State Port Authority) and pursuant to a compact (the Bi-State Compact) approved by the two states' legislatures and ratified by the United States Congress (the Congress), on an appropriate portion of the land (the Jasper Terminal Site) situate in Jasper County, owned by the Georgia Department of Transportation (the Georgia DOT) and currently subject to litigation between the states.
2. Independent of the pursuit of the Bi-State Compact to develop a maritime terminal on the Jasper Terminal Site (see paragraph 3 below), Governor Sanford and Governor Perdue recognize that, as a threshold matter, in order for a maritime terminal to be developed on the Jasper Terminal Site by any entity, the easements (the Easements) used by the United States Army Corps of Engineers (the Corps) for placement of dredged fill materials for the Savannah Harbor Federal Navigation Project (the Savannah Harbor Project) on the Jasper Terminal Site must be removed, released, or modified. In this regard, Governor Sanford and Governor Perdue further recognize that the Georgia DOT as the current owner of the Jasper Terminal Site is the appropriate party to initiate and pursue the release, removal or modification of the Easements, and they will use their best efforts as the Governors of their respective states to cooperatively pursue the timely release, removal or modification of the Easements by requesting:
 - a) that the Georgia DOT, as soon as possible after execution of this Term Sheet, make a formal application to the Corps for the release, removal or modification of the Easements and that the State of South Carolina submit a letter of support to the Corps;
 - b) that the Congress authorize the necessary studies to permit such release, removal or modification (the Federal Feasibility Study) and that each state take whatever action may be required, including if necessary an appropriation by its legislature during the 2007 legislative session, to ensure that each state has the requisite funds dedicated as soon as possible after execution of this Term Sheet for the payment of one-half of the estimated cost of the Federal Feasibility Study; and

- c) that each state's legislature appropriate during the 2008 legislative session, if necessary, funds dedicated for the payment of one-half of the state or local share of costs associated acquiring replacement spoil disposal sites.

Governor Sanford and Governor Perdue further acknowledge that these efforts to release, remove or modify the Easements must immediately proceed on a track independent of the Bi-State Compact process and declare that these efforts shall represent the necessary tangible commitment by the two states to act in good faith toward ensuring that a new maritime terminal on the Savannah River in Jasper County becomes a reality. Additionally, Governor Sanford and Governor Perdue acknowledge that, in the event the Bi-State Compact process fails and title to the Jasper Terminal Site remains reposed with the Georgia DOT (and thus continues to remain the subject of the condemnation litigation pending between the SCSPA and the Georgia DOT), then it would be equitable for the State of Georgia to recompense the State of South Carolina for funds expended by it in connection with the Federal Feasibility Study and acquiring replacement disposal sites to compensate for the areas no longer encumbered by the Easements, and therefore Governor Perdue will use his best efforts as Governor of Georgia to have the Georgia legislature make the appropriate equitable reimbursement arrangements.

- 3. Independent of their immediate effort to pursue the release, removal or modification of the Easements from the Jasper Terminal Site (see paragraph 2 above), Governor Sanford and Governor Perdue will also use their best efforts as the Governors of their respective states to promote the passage of the Bi-State Compact in their respective state's legislatures, on or before March 31, 2008, to:
 - a) create the Bi-State Port Authority to be owned on a 50-50 basis by the two states and governed by a board comprised of directors appointed in equal numbers by the two states, provided, however, that there are adequate provisions for the resolution of deadlocks and specific assurances that the Bi-State Port Authority would be completely committed to the timely development of a new maritime terminal on the Jasper Terminal Site, with specific milestones to be achieved, so that the Bi-State Port Authority would not be in any way biased toward the protection of existing or future maritime terminal facilities owned and/or operated by the South Carolina State Ports Authority (the SCSPA) at the Port of Charleston or the Georgia Ports Authority (the GPA) at the Port of Savannah;
 - b) authorize the Georgia DOT's sale of the Jasper Terminal Site to the Bi-State Port Authority for its fair market value, with matters of record that prohibit

the development of a maritime terminal being removed prior to the sale, with costs of such removal to be shared by the two states 50-50, such sale to close immediately after the United States Congress ratifies the Bi-State Compact;

- c) appropriate funds (with each state bearing one-half of the funding) for the Bi-State Port Authority land acquisition and costs related to its accomplishment of its responsibilities;
- d) direct the SCSA to dismiss its condemnation action against the Georgia DOT and release the Georgia DOT from such claims simultaneous with the Bi-State Port Authority's acquisition of the Jasper Terminal Site; and
- e) direct the Bi-State Authority to issue Requests for Proposal for private companies to submit proposals to participate in the development the first phase of the Jasper Terminal Site using private capital.

THE SAVANNAH HARBOR PROJECT

4. After the release, modification or removal of the Easements from the Terminal Site, the Georgia DOT's sale of its right, title and interest in and to the Jasper Terminal Site to the Bi-State Port Authority, and the required approval and ratification of the Bi-State Compact by the state legislatures and the Congress, then Governor Perdue and Governor Sanford agree to cooperate and to use their best efforts to cause the respective Georgia and South Carolina agencies and public interest parties to cooperate each with the other and with other interested parties, including but not limited to the Corps, the U.S. Fish and Wildlife Service, the National Marine Fisheries Service, and the U.S. Environmental Protection Agency, in the deepening of the Savannah River navigation channel as conditionally authorized in the federal 1999 Water Resources Development Act and set forth as the Savannah Harbor Project further described at www.sav-harbor.com, and in the permitting of the development of the Jasper Terminal Site, with the understanding that any local sponsor or other nonfederal costs associated with the Federal Feasibility Study and the deepening of the Savannah River navigation channel to at least 48 feet from the Atlantic Ocean to and including the Jasper Terminal Site will be divided equally between the states of Georgia and South Carolina, or their respective agencies or departments, and provided that neither the State of South Carolina nor any of its agencies and departments shall bear any local sponsor or other nonfederal costs of deepening the Savannah River navigation channel beyond the westernmost terminus of the Jasper Terminal Site.

THE SAVANNAH RIVER COMMITTEES

5. By executive orders issued in June 2005, Governor Sanford and Governor Perdue created committees to identify and discuss issues of mutual interest related to the water resources of the Savannah River Basin, and pursuant to those orders the Governor's Water Law Review Committee, appointed by Governor Sanford, and the Governor's Savannah River Committee, appointed by Governor Perdue (collectively, the Savannah River Committees), have corresponded and met to discuss those issues, including, without limitation, the following:
 - a) the potential that fresh groundwater supplies in the Upper Floridan Aquifer are being contaminated by salt water intrusion from the Port Royal Sound and other areas;
 - b) the impact of the Total Maximum Daily Load (TMDL) regulation for the Lower Savannah River recently issued by the EPA;
 - c) the use of the Savannah River below the Thurmond Dam as a receptacle for treated wastewater from municipalities and industries; and
 - d) the need for a long-term strategy between the two states to manage the use of the Savannah River.

Governor Sanford and Governor Perdue declare that nothing in this Term Sheet shall undermine the importance of the issues being considered by the Savannah River Committees and reaffirm that these committees have been and continue to be charged with the responsibility of investigating those issues, with due consideration as to how such may impact the other objectives discussed in this Term Sheet, and with the task of reporting their findings and recommendations to the two governors in a timely manner.

MISCELLANEOUS


6. Governor Sanford and Governor Perdue shall appoint a six-member task force (the Task Force) chaired jointly by a member from each state with each Governor having an equal number of appointments and direct it to present to them, within 180 days (the 180-Day Task Force Due Diligence Period) of the date hereof, a proposed Bi-State Compact that incorporates the material provisions of paragraph 3 above and that, once it has been passed by the two state legislatures and then ratified by the Congress, would create binding legal obligations in furtherance of the objectives

referenced herein. Governor Perdue and Governor Sanford further agree to direct the Task Force to establish a deliberative compact development process in which the draft compact is made available to state officers, stakeholders and the public for comment and revision prior to introduction in the respective legislatures during the 2008 sessions.

7. Nothing in this Term Sheet shall delay or in any way influence the legal options available to either state relative to the prosecution or defense of litigation related to any condemnation of the Jasper Terminal Site nor shall this Term Sheet be admissible in such litigation; provided, however, that Governor Sanford and Governor Perdue will ask the SCSPA and the Georgia DOT to: a) take such actions as may be reasonably necessary to have a final adjudication in the pending condemnation action deferred by the South Carolina state circuit court judge until after the expiration of 180-Day Task Force Due Diligence Period, with the understanding, however, that the two litigants during such time would still be able to engage in activities preparatory to such final adjudication; and b) enter into a six-month tolling agreement confirming that the right of either party to petition the United States Supreme Court to accept jurisdiction of the condemnation action shall not be negatively affected by this request for a delay of final adjudication. In this latter regard, it is recognized that, notwithstanding this Term Sheet, the SCSPA expressly reserves any and all arguments and positions that it would be improper for the litigation it has with the Georgia DOT to be removed to the original jurisdiction of the United States Supreme Court and the Georgia DOT expressly reserves any and all arguments and positions that such removal would be proper.
8. Market studies conducted both by the SCSPA and the GPA indicate that a window of opportunity now exists for maritime terminals in the Southeast to increase their volume of imports and exports, and Governor Sanford and Governor Perdue will use their best efforts as the Governors of their respective states to promote regional cooperation between the State of South Carolina and the State of Georgia to take advantage of this opportunity – not only in regard to the new maritime terminal planned for the Jasper Terminal Site, but also between the existing operations at the Port of Charleston and the Port of Savannah – so that the two states are able to take advantage of this opportunity, said cooperation to include, without limitation, the development of a coordinated and improved network of rail access to and rail delivery and distribution from terminal operations in Jasper County, the Port of Savannah and the Port of Charleston.
9. This Term Sheet is a statement of the mutual understanding of the parties. Neither this Term Sheet nor any provision hereof constitutes, or shall constitute, a legal and

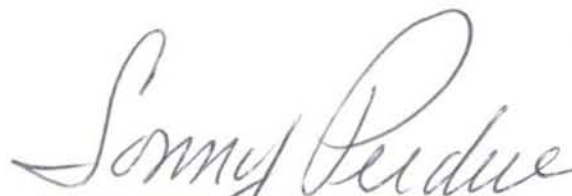
binding obligation, contract or agreement between either of the parties. Even though this Term Sheet is not binding in any way, the parties agree that: a) if, within 180 days of the creation of the Task Force referred to in paragraph 6 above, a proposed Bi-State Compact is not presented to Governor Sanford and Governor Perdue by such Task Force, then this Term Sheet shall terminate automatically; and b) if by March 31, 2008, the legislatures of the two states have not formally approved the Bi-State Compact, then this Term Sheet and the Bi-State Compact, if any, shall terminate automatically.





Marshall C. Sanford, Jr.
Governor of South Carolina





George Ervin "Sonny" Perdue III
Governor of Georgia

Jasper County, South Carolina
March 12, 2007