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Richard M. Hood

Assistant Vice President
Business Unit Services

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Dear Sundance Ranch Homeowner:

This letter is to follow up with you concerning CSX's plans for the integrated logistics terminal project to be located on the west side of our existing mainline track across from the Sundance Ranch Estates ("SRE") neighborhood. Please be assured that CSX remains committed to keeping you informed and is working hard to co-exist with the community as a good neighbor.

As discussed at the first "town hall" meeting, the economic development created by the new terminal project will provide benefits for the citizens of Polk County, including the creation of thousands of new jobs and increased tax revenues along with providing a centralized location for the delivery of consumer goods arriving by container and automobiles for the consumption of the growing Florida population.

Since our meeting last August, CSX has been carefully considering the feedback we received from many of you and consulting with our engineering and design professionals in an effort to identify and evaluate ways to address your concerns. As part of our thorough review of reasonable alternatives, CSX also has sought and received valuable feedback from representatives of the City of Winter Haven and Polk County.

CSX is taking the following steps:

- working with lighting design professionals to use the latest technology and techniques to minimize illumination beyond the limits of the terminal facility;
- retaining an expert engineering firm to conduct a detailed study to confirm that noise levels from terminal operations would comply with applicable noise ordinances;
- planning for a landscaped earthen berm between CSX's existing track and the terminal facility to further reduce the noise and address the community's aesthetic concerns;
- designing and constructing the access road to the terminal facility from SR 60 to direct truck traffic to the south to a major artery to avoid increased traffic volumes on residential streets north, east and west of the terminal;
- offering SRE residents the opportunity to tour an operating CSX intermodal and automotive terminal facility similar to the integrated logistics facility to be constructed adjacent to the SRE neighborhood; and

- inviting one or more SRE representatives to join a design/operations committee for the new integrated logistics facility to allow residents to share any on-going concerns during the process.

In addition, CSX is willing to pay to redesign and relocate the planned landscaped berm from the terminal side to the neighborhood side of our existing mainline track. We believe the proposal outlined below further enhances the benefits afforded by a landscaped berm and may be the best approach for both the community and the company:

1. CSX is willing to construct an earthen berm parallel to the existing mainline track beginning at the Gomez's property and extending southward through the Ebel's property adjacent to the track. We are proposing that the berm be constructed on property adjacent to the track and integrated as part of each adjoining landowner's backyard to afford the maximum aesthetic and noise reduction benefits to the SRE community residents.
2. CSX is willing to compensate each affected homeowner on whose property the berm is constructed. Each homeowner will retain title to their property. There would be no conveyance to CSX. Compensation will be based upon the actual acreage of property used for the berm multiplied by a fair market value unit rate to be determined by a qualified independent appraiser who is a Member of the American Institute of Appraisers or has similar qualifications. You can submit a list of three appraisers and we will engage one or we will submit a list to you and you can pick one to truly keep the valuation independent. There will be no cost to you associated with this process. The total compensation will vary for each owner based upon the linear frontage along the track and actual footprint of the berm.
3. With respect to the Chiavuzzi property and the existing lease of a portion of the property to the Childers for their nursery business, we will separately compensate both the Chiavuzzis and the Childers for the actual acreage of the owned and leased property used for the berm.
4. CSX's proposed concept is that the berm would be incorporated into the existing backyard landscape of each adjoining landowner's property. Consequently, we would work (again, within reason as determined by CSX and its engineers) to tailor the design to meet the reasonable requests of each homeowner while at the same time achieving certain economies of scale in the construction. For your reference, an example of the type of landscaped berm being considered by CSX is attached. This is the same type of landscaped berm that the City of Winter Haven has recommended for this location as part of its design guidelines. As you can see from the photographs, a landscaped berm with mature vegetation is aesthetically pleasing and should be very effective. We have also had conversations with representatives of Florida Department of Transportation to understand the measures they take when placing a new high traffic roadway adjacent to a residential community. They install either a wall or a berm as a separator. If the residents along the track decide they would prefer a wall, we can work with you on that, too. We just felt as part of our evaluation that the landscaped berm would be more consistent with the design of the neighborhood. Since the landscaped berm would be integrated into the landscaping on the property owned by the adjacent SRE homeowners, CSX is willing to make a one-time contribution to each affected landowner for the costs of future maintenance of the landscaped berm and to keep the drainage pathways clear. CSX will have no further obligation or responsibility for maintenance of the berm, including but not limited to, landscaping, repairs, etc.

5. The engineering for the landscaped berm along the rear of each homeowner's property adjacent to the CSX track is feasible but will require certain modifications to address common drainage. CSX will design those drainage requirements into the landscaped berm plan. Once in place the homeowner would be responsible for drainage on its property and CSX would have responsibility on its property.
6. Since CSX's planned terminal project benefits both the City of Winter Haven and Polk County, CSX is willing to engage in reasonable good faith discussions with the City and County to encourage them to consider expediting the paving of Cunningham Road leading into your subdivision. Of course, CSX cannot guarantee if or when any such paving will occur.

We hope that the SRE community and you will seriously consider our proposal. If we can reach consensus on this proposal among the entire group of SRE residents, we are prepared to take the next step and put our proposal into the form of an agreement.

Please remember this proposal is being offered in good faith as a compromise for purposes of amicably resolving the communities' concerns and avoiding legal disputes.

Please do not hesitate to contact me with any questions or if you would like further information. Once you have had a chance to review, we would be happy to meet with you individually or as distinct ownership groups to work through the details of this arrangement.

Sincerely,



Richard M. Hood

cc: Frank Lester Adams, III, Esq.
Eric Bilik, Esq.
Kim Bongiovanni, Esq.
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