



Presented by:

David Alexander, Port Attorney  
Port of Oakland  
and  
Eric Richards, Partner  
O'Melveny & Myers LLP

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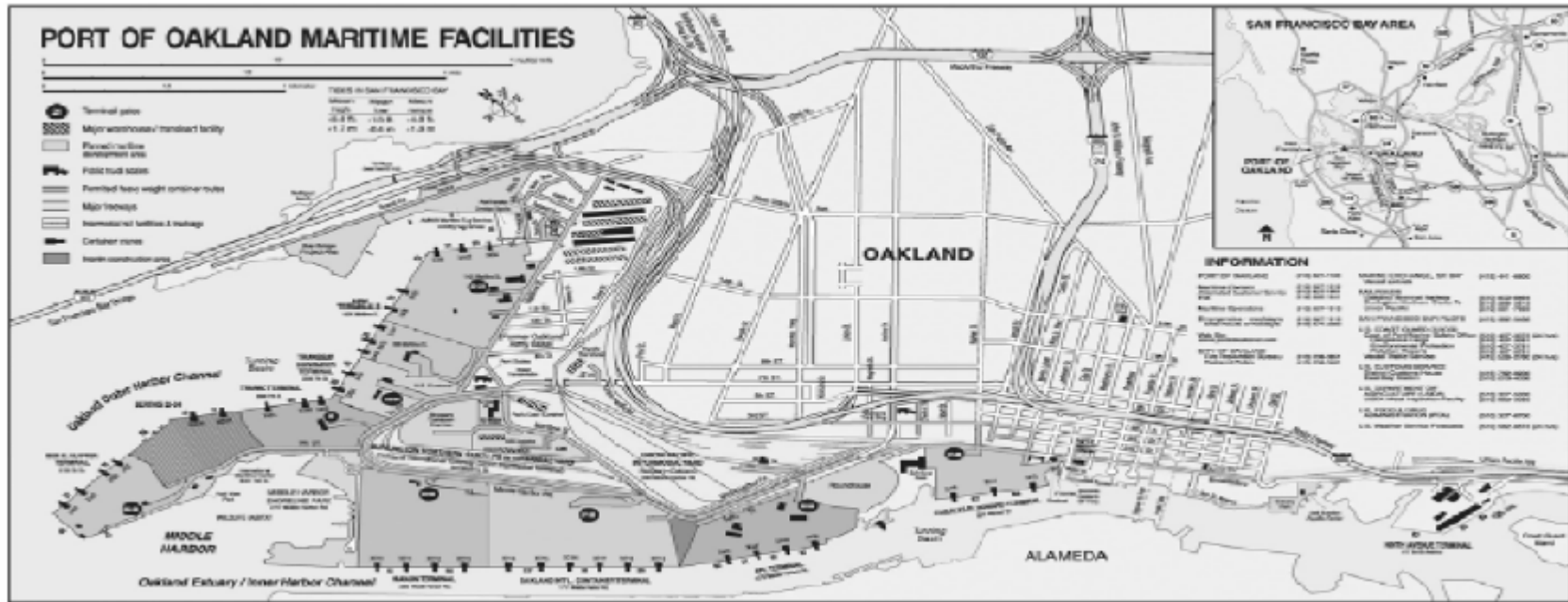
**Analyzing Private Capital Options for Public Ports:  
The Proposed Port of Oakland Outer Harbor Terminal Concession**

# The Port of Oakland

- 20 miles of mainland shore along San Francisco Bay
- 770 acres of terminal facilities
- 20 deepwater container berths
- 37 cranes, including 31 post-panamax cranes
- Third largest U.S. container port (first in U.S. to construct a container terminal)
- Significant import traffic, as well as steady regional export base
- Current intermodal capacity of 1.2m annual TEUs (with possibility of expansion)
- Served by BNSF Railway Company and Union Pacific Railroad
- Non-maritime facilities include Oakland International Airport and waterfront commercial properties



# Port of Oakland

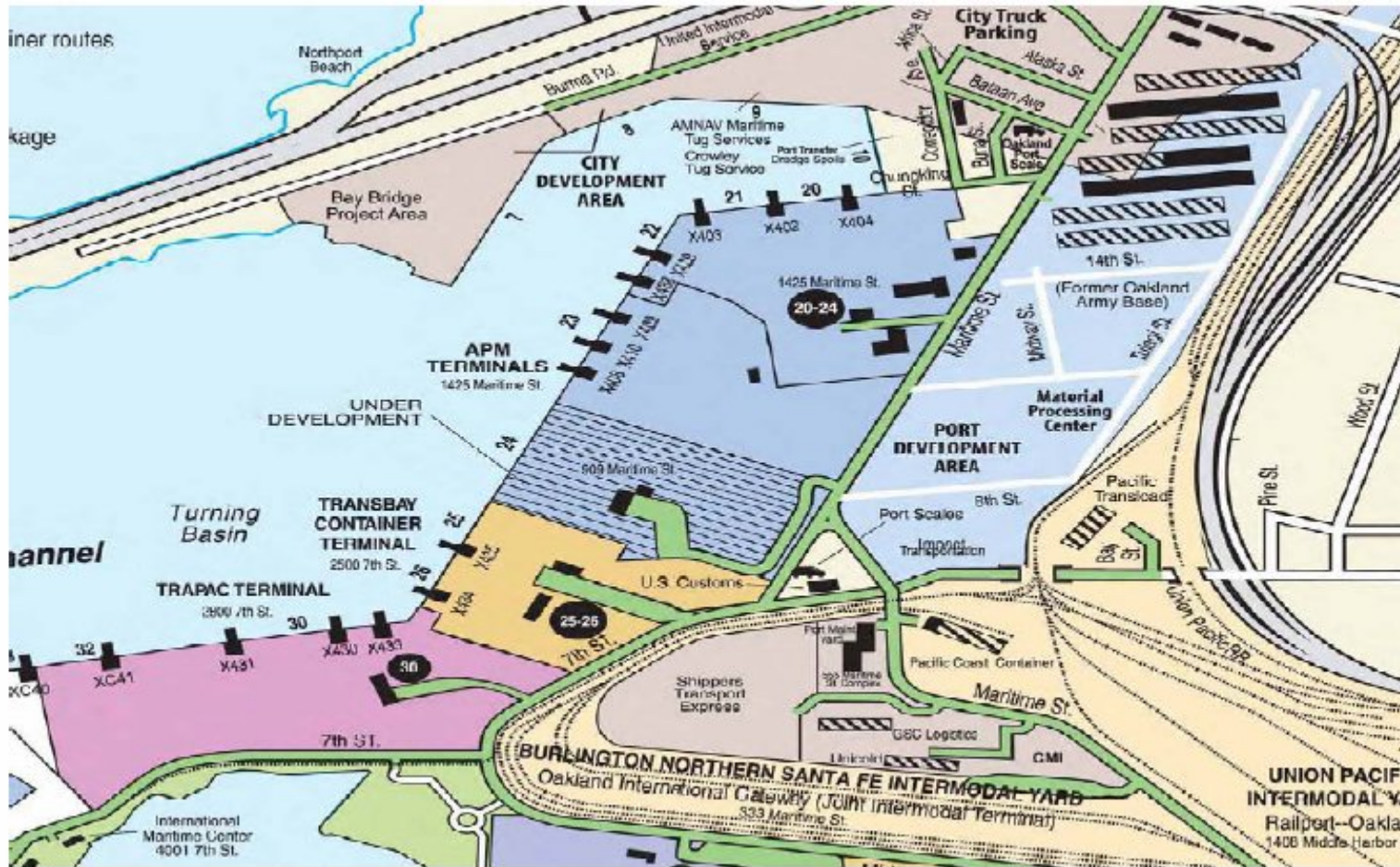


# Proposed Outer Harbor Terminal Concession Project

- Berths 20-24, and potential option for Berths 25 and 26
- Up to 4,500 continuous sq. ft. of berth areas
- 50' to 42' water depth
- Up to 200 acres of wharf backlands, including warehouse, maintenance and administration facilities
- Concession to commence January 1, 2010 (though awarded prior to occupancy)
- Term of at least 30 years
- Broad operating and development rights



# Potential Concession Areas



# Concession Objectives

- Modification of traditional Port business practices to align with evolving industry
- Encourage optimal development and usage of Port terminal areas
- Raise cash to enable Port re-investment in rail and other critical supporting infrastructure
- Position Port to benefit economically in anticipated traffic growth over life of concession
- Maximize the indirect economic benefit to surrounding communities and region
- Partner with long-term operator to improve environmental performance
- Retain and enhance the Port's social responsibility principles and commitments



# Anticipated Schedule

May 9, 2008	Issuance of RfQ
June 18, 2008	RfQ Responses Received (9)
July 2008	Four or more respondents to be short-listed based on technical and financial evaluations
July thru October 2008	Due diligence and finalization of form concession agreement
Late 2008	Receive final and binding proposals and award project



# Certain Challenges

- Challenge to public governance (history, mission)
- Challenge to inter-port harmony (competition, culture)
- Comparing apples to oranges (evaluating the proposals)





# General Considerations in Exploring Public Private Partnerships

- Define objectives
- Assess and address obstacles
- Develop and pursue optimal process



# Defining Objectives

- Be clear about goals of port sponsor
  - development/redevelopment?
  - operations?
  - other specific responsibilities/liabilities/risks?
  - financial expectations (fixed, variable, participatory)?
  - other policy objectives?
- Test potential market and market demands
  - operators
  - shippers
  - financial backers

# Assessing and Addressing Obstacles

- Legal authority
- Legal limitations
  - financial covenants
  - tidelands trust
  - tax-exempt financing
- Other possible impacts
  - loss of total operational dominion
  - effect on other port operations/operators/competition
  - going-forward impact on overall port business model
  - workforce
  - environmental
  - other port policies



# Developing and Pursuing the Appropriate Process

- Competitive vs. negotiated transaction
- Transparency and fairness (for competitive process)
  - quality
  - price
- Information and due diligence
- Opportunity for private sector feedback



# Questions

