



Port Infrastructure Development – Opportunities in these Challenging Times

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How will you be
remembered?

With questioning
wonder?

With esteem for your
great vision?

What do you do?

Doing NOTHING
is *NOT* an option.

What the Ports Are Saying...

“In these difficult economic times, we all have to look at what’s happening in the future, and the Panama Canal expansion is happening in the near future. We’ve got to start planning now!”

Michael A. Leone, Port Director
Massachusetts Port Authority
AAPA Chairman-elect

“We’ll continue to invest and build on our reputation in breakbulk and project cargo handling. We need to continue to invest in transportation infrastructure which keeps our ports and shippers competitive. This is hardly the time to let up!”

Ken O’Hollaren, Executive Director
Port of Longview, Washington

“I think now is the time to build. If we wait for the Panama Canal expansion to be finished or for the economy to return, it’s too late and we lose.”

Gary P. LaGrange, President and CEO
Port of New Orleans

“Bring it On!”

Phillip C. Allen, Port Director
Port Everglades

But don't be afraid...

to say “No” to ideas

to delay actions...

and/or reinvent
your port.

What the Ports Are Saying...

“It’s essential to update your master plan. Whether you start your project this year or 18 months from now – you still need an up-to-date plan for your port.”

Mark L. McAndrews, Port Director
Port of Pascagoula

“We’re finding in some cases it works to our advantage to get out of operating. With existing facilities and with new agreements, letting others do the operating reduces our financial risk. It may mean less revenue generation for us, but we can ride along with their success.”

John P. LaRue, Executive Director
Port of Corpus Christi

Opportunity in the Wind

Port Freeport's new wind energy business sustains port through tough economic times



Port of Pascagoula Finds Success with 3P

- Two full containment storage tanks with combined capacity of 6.6 Bcf
- 1.3 Bcf/d base send-out capacity
- Fully contracted with two 20-year firm service agreements
- \$1.1 Billion total project cost
- Expected in-service date 2011

Port Pascagoula will benefit from lease payments from Gulf LNG for the terminal site along with other port fees and charges associated with receiving LNG vessels. In addition, once operational, the facility will offer 50-60 well paying full-time jobs.



\$154 million Upgrade Underway at Port of Lake Charles

- Investing wisely and safely in “tried and true” agricultural handling infrastructure
- Port supports jobs by using both traditional and automated rice shipments



Port of Long Beach Plans to invest \$2 billion in infrastructure development...

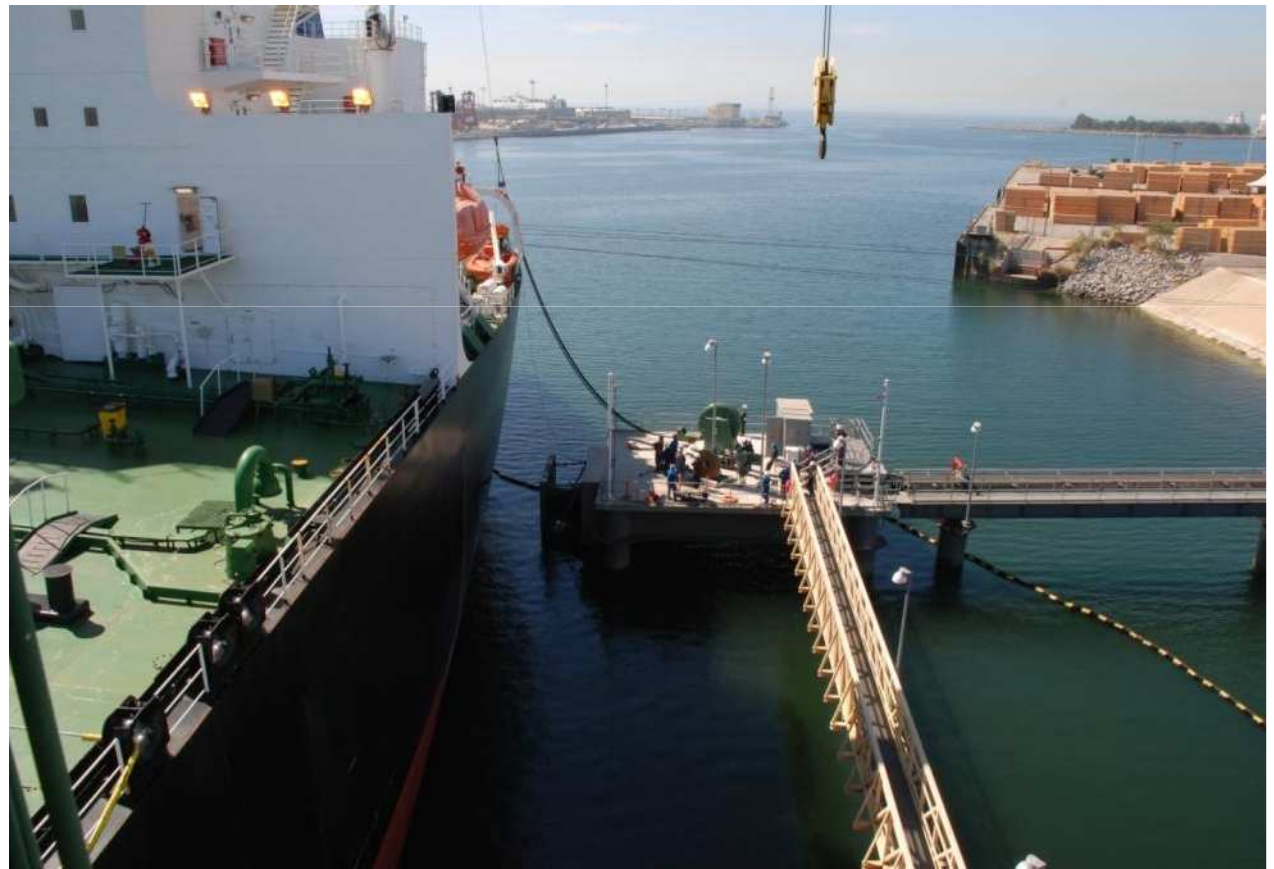
... while minimizing costs for port customers

- \$6 infrastructure cargo fee deferred until at least July 1, 2010
- 10 percent reduction in port's wharfage rate for intermodal container cargo

"While cargo traffic is slower, we can focus on efforts to develop infrastructure that will create a short-term stimulus and ensure local job creation for decades to come." Richard D. Steinke, Executive Director



Cold Ironing of Marine Oil Terminal at Long Beach Adheres to Port's "Green Port" Development Policy

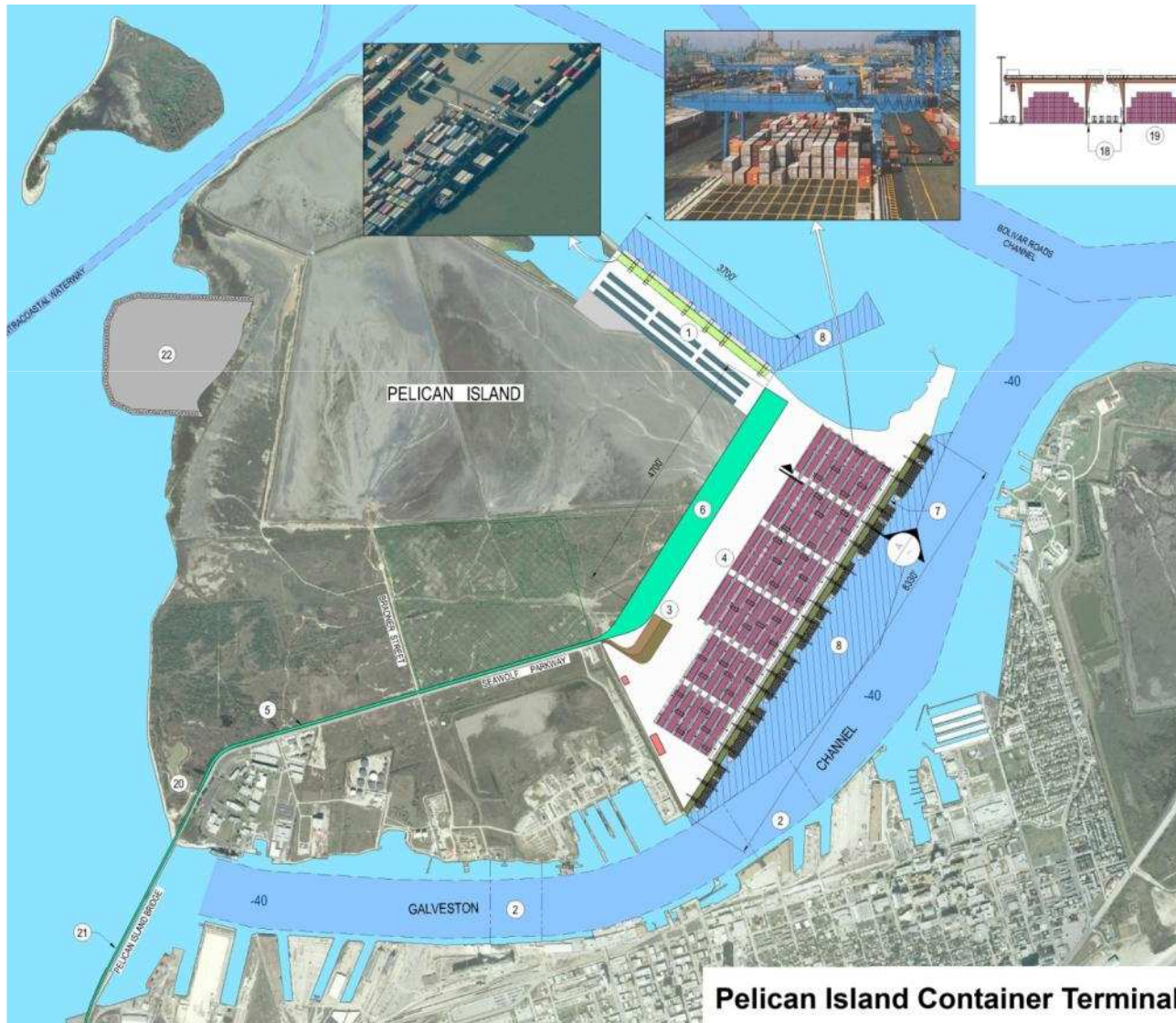


Vitol (Port Canaveral) Tank Farm

- Full build - out annual throughput capacity – 48 million barrels/year.
- \$120 million private investment on port property – long term, volume-based lease with financial minimums.



Regional Partnerships



- **Port of Galveston and Port of Houston** explore containerport on Galveston's Pelican Island
- **Port Metro Vancouver:** After 150 years of existing separately, Fraser River, North Fraser and Vancouver become one, find regional success
- **Jasper Ocean Terminal:** Joint SCSPA, GPA containerport development project
- **Louisiana** ponders new greenfield port at mouth of Mississippi

Louisiana Shipper Tax Credit Proposed

\$10/ton credit to Louisiana shippers to help state's ports capture more of the 1.6 million tons of general cargo originating/destined from local manufacturers.

Louisiana industries identified are:

- Chemicals
- Paper
- Food Products
- Transportation Equipment
- Machinery Manufacturing



Private Sector Role Increasing

- **Port of Oakland** selects **Ports America** to upgrade and operate five container berths through 50-year concession and lease agreement
 - First phase: Ports America will invest \$150 million which is expected to create 6,000 local jobs and 85,000 regional jobs
- **CenterPoint Properties** offers \$3 billion for operating rights at **Virginia Port Authority**
 - Also investing \$325 million for 900-acre integrated logistics center in Suffolk, VA
- **Alabama State Port Authority** looks to private-sector terminal operator and developer for 74-acre ICTF
 - New ICTF will be:
 - financially self-sustaining
 - generate employment
 - improve port's competitive position
 - reduce regional highway traffic

Cruise Lines Have Really Come to the Table!



The cost of this expanded cruise terminal is primarily covered through an increase in the number of passengers that Royal Caribbean Cruises Ltd. guarantees will sail to and from Port Everglades over a 10-year period, with the guaranteed number of passengers increasing five-fold within the first five years of the Agreement. In the first year, their passenger guarantees increase to 750,240 or 59% higher than the guarantees in their previous contract. By the fifth year, their 2,290,815 guaranteed passenger movement will be 385% higher than their previous agreement.

A tilted image showing a snippet of text from a document. The text is partially obscured but includes the following: '...goal is that once the ship is cleared for embarkation, the transition for guests to go from curbside to the ship can be completed in 15 minutes.' and '...Cruise Terminal 18 and encompasses 138,000 square feet on two levels, while the arrival hall for simultaneous debarking of passengers will debark inside the terminal waiting to board'.

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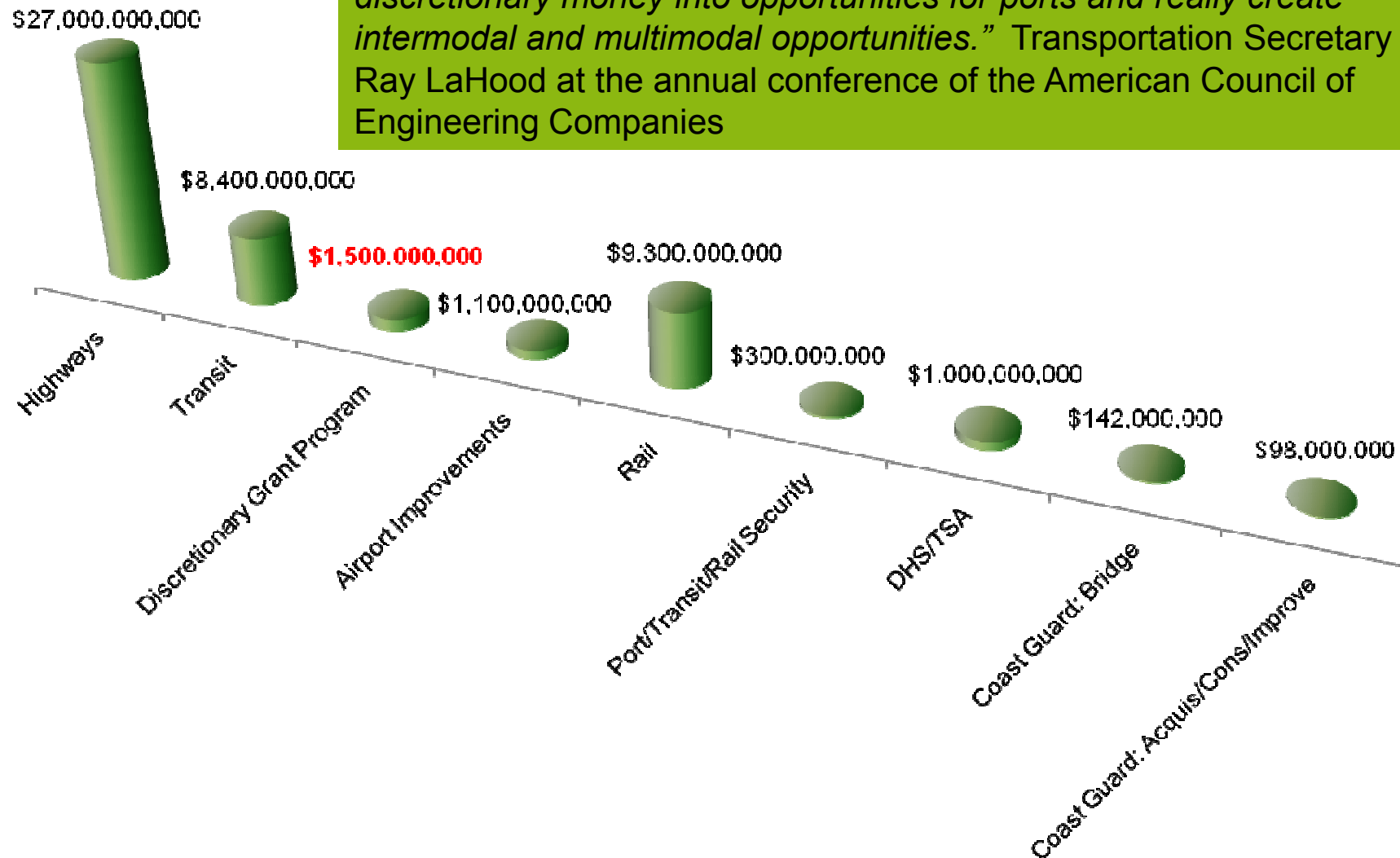
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Cruise Lines Have Really Come to the Table!

Disney Cruise Line/Terminal Expansion: Port Canaveral borrowed \$22 million for terminal expansion, to be paid back by Disney through a passenger facility charge, guaranteed by Disney to cover annual debt service over the term of the loan.



"I think you're going to see us try to leverage some of the \$1.5 billion in discretionary money into opportunities for ports and really create intermodal and multimodal opportunities." Transportation Secretary Ray LaHood at the annual conference of the American Council of Engineering Companies



In Tough Economic Times, Construction Costs are Lower

- **Port Authority NY and NJ dredging project \$500 million less than the \$1.6 billion originally authorized in 2004.** Port Authority capitalizing by investing \$2 billion in infrastructure over five years
- **Panama Canal costs (originally projected at \$10 billion) could come in significantly under-budget** - Better-than-projected credit and bond terms plus lower-than-anticipated costs for construction materials and labor will reduce total price of canal expansion
- Port Everglades' 41-acre container terminal now under construction due to bids coming in at \$12.3 million -- **\$4 million** under the expected cost.

In Tough Economic Times, Construction Costs are Lower



We are breaking new ground. Bring it on!

Please join us on
Thursday, April 16 at 2 p.m.
as we celebrate the groundbreaking
of a new 41-acre container cargo terminal
at Port Everglades.

This new terminal will support continued growth in
international trade in South Florida
and support approximately 227 construction jobs.

Don't

- Simply be reactive
- Just steal from your neighbor
- Only look at the short term
- Be limited by past practices
- Get caught up in “gloom and doom”

Do

- Think holistically
- Think regionally
- Think market-driven strategically
- Think productivity
- Think sustainably
- Think optimistically
- Think realistically

