



PORTS OF INDIANA
3 PORTS - 2 WATERWAYS - 1 SYSTEM

Delivering Prosperity through Economic Development Opportunities

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Ports of Indiana

PORTS OF INDIANA

3 PORTS - 2 WATERWAYS - 1 SYSTEM



Burns Harbor

Jeffersonville

Mount Vernon

www.portsofindiana.com

Indiana's Unique Port System

- ▶ Only Great Lakes state to own/operate ports
- ▶ 1 Lake Michigan port – direct access to Atlantic Ocean
- ▶ 2 Ohio River ports – direct access to Gulf of Mexico
- ▶ 3 Port system linked by water, rail, roads
- ▶ Ports compliment each other – do not compete
- ▶ Synergies provide unique business opportunities



Port of Indiana–Jeffersonville

*Home to a steel campus with
13 steel-related firms*



Port of Indiana–Mount Vernon



8th largest inland port
by ton–miles



Port of Indiana-Burns Harbor



One of the top steel ports in U.S.

Burns Harbor



Indiana's Value Proposition

- ▶ Indiana's advantages:
 - Median center of U.S. population
 - Ranked in top 10 for 30+ logistics categories
 - 1st in pass-through interstates
 - 2nd in pass-through truck ton-miles
 - 4th in freight railroads
 - 8th in U.S. waterborne shipping
 - 14th in foreign/domestic waterborne shipping
 - Largest steel producing region in the world



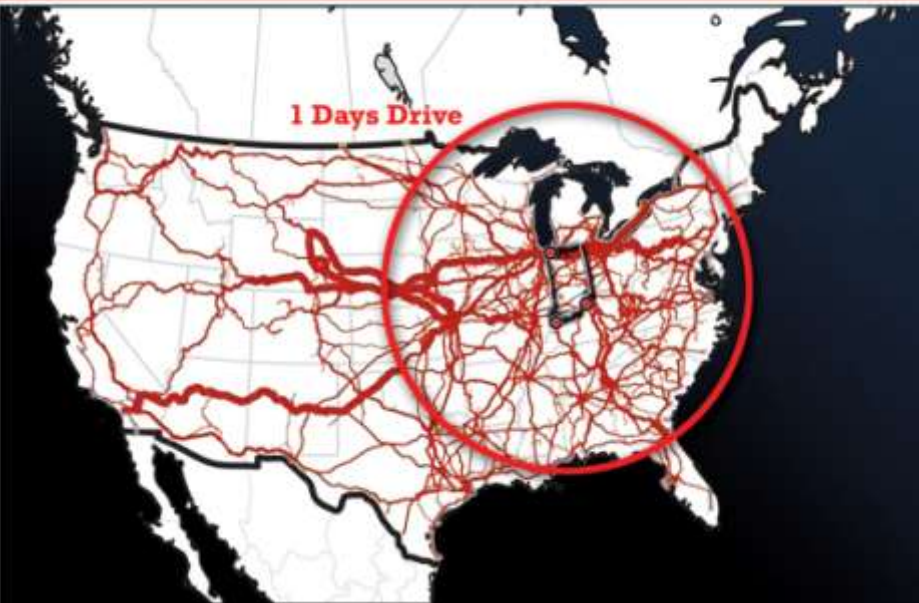
Crossroads of America's Waterways



Crossroads of America's Highways



Crossroads of America's Rail Network




Crossroads of America's Population



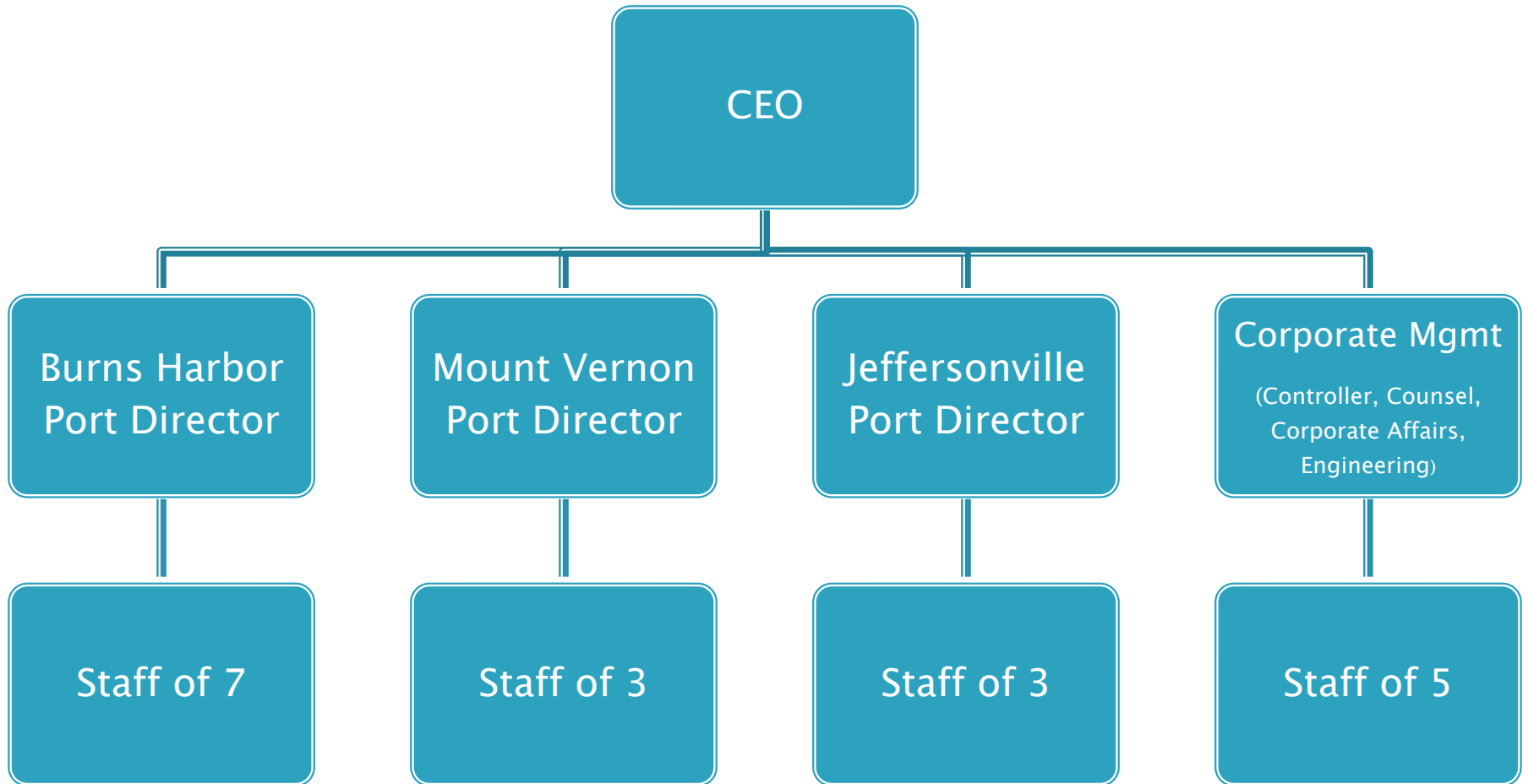
Ports of Indiana Governance

- ▶ Created by State Legislature in 1961
 - “A body both corporate & politic”
- ▶ Self-funded enterprise, no subsidies from anywhere
- ▶ Governor appoints 7 bipartisan members to serve as board of directors (*4 Republicans/3 Democrats*)
 - Staggered 4-year terms
 - Representatives from all port regions
 - Business professionals with diverse background
 - Years of experience valuable to CEO

Staff & Commissioner Communication


- ▶ Staff provides regular updates to board
 - ▶ Executive sessions at board meetings
 - ▶ Staff coordinates all media communication
 - ▶ Board defers all questions to staff to insure organization speaks with one voice
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Management Structure



Economic Development Decisions

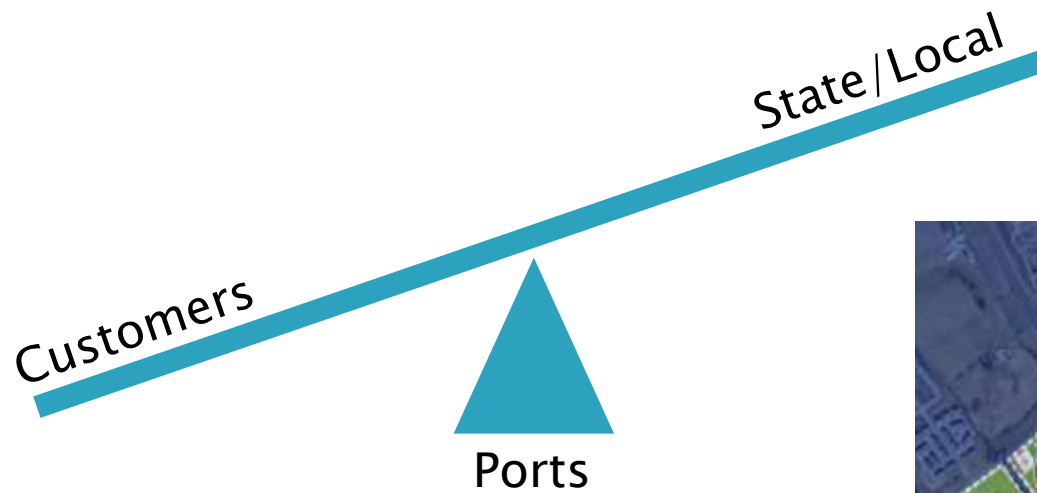
“It’s a Balancing Act”

- ▶ Balancing goals: Customers, Port, State, Local
 - ▶ Requires a carefully thought-out strategy
 - ▶ Must clearly communicate goals to locals, state & existing customers
 - ▶ Must be intuitive and understand others’ sensitivities to port business proposals
 - ▶ What’s the best business decision?
 - ▶ Board must steer clear of personal involvement
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Balancing Act – Case Studies

“Not the right fit for our port”

- ▶ “Project Clean” – Non-maritime project
- ▶ “Special Favor” – Community assistance request



The Ports Value Proposition

Key Physical Advantages

- ▶ Multi-modal connections (water, rail, highways)
- ▶ Multiple stevedores for competitive pricing
- ▶ Synergies w/port tenants = instant market possibilities
- ▶ Foreign-trade zones
- ▶ Financing through port revenue bonds
- ▶ Primary infrastructure in place = lower cost of entry
 - No need to invest in waterborne infrastructure
 - Easy connectivity to port's rail and road infrastructure
 - Heavy haul roads without weight restrictions

The Ports Value Proposition

Key Service Advantages

- ▶ Be part of something bigger
 - 2,600 acres with 60+ tenant companies
 - 800 available acres of prime maritime real estate
 - ▶ Management with private sector experience
 - Understanding customer needs is our primary focus
 - ▶ A partner committed to customer growth
 - ▶ A sustainable competitive advantage
 - Improving customer bottom-line will endear them to you
 - Focus on driving costs out of their business
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Business Proposal Considerations

- ▶ Do business terms meet financial objectives?
 - Lease terms, minimum tonnage, ROI
 - Potential synergies for new opportunities
- ▶ Will company invest in port infrastructure?
 - May be willing to compromise on ROI or other terms
- ▶ How many jobs?
 - Construction phase
 - Production phase



Economic Impact Studies

- ▶ Economic impact study is port “report card”
- ▶ Provides data to support your positions:
 - Quantifies contribution to community, region, state
 - Ammunition against special interest naysayers
- ▶ Indiana’s two 2010 maritime economic studies
 - Impact of Indiana’s three ports
 - Impact of all Indiana’s shipping on Great Lakes
- ▶ Peer reviews validate methods, increase credibility
 - Studies peer reviewed by professors from Indiana University, Purdue University and University of Notre Dame



Ports of Indiana Studies

- ▶ **Ports of Indiana annual economic impact**
 - 43,744 direct, induced, indirect and related jobs
 - \$5.4 billion in economic value to Indiana
 - \$2.4 billion of wages and salaries
 - \$224 million of state and local taxes
 - \$732 million of local purchases

- ▶ **Great Lakes shipping annual impact on Indiana**
 - 104,567 direct, induced, indirect and related jobs
 - \$14.2 billion of economic activity in the state
 - \$6 billion of total personal income
 - \$2.1 billion of local purchases
 - \$567 million of state and local tax revenue



Great Lakes Shipping Issues

- ▶ Port's shipping connections are under attack
- ▶ Asian Carp lawsuits threaten closure of Chicago locks
- ▶ New York ballast regulations threaten Seaway closure
- ▶ Study provided data for legal & legislative debates
- ▶ Study mentioned on House floor and in 100+ stories during Asian carp and NY ballast debates

The New York Times

“The Port of Indiana recently released a study that said the O’Brien Lock in southeast Chicago accounted for \$1.9 billion a year in economic activity in Indiana. Jody Peacock, the port spokesman, said separation of Chicago-area waterways from the Mississippi would cost Indiana steel mills and Midwestern farmers access to significant portions of their markets.”

Carp Invasion May Prompt Changes to Waterways; Oct. 16, 2010

Summary

- ▶ Board/management must understand roles
- ▶ Set a clear economic development strategy
- ▶ Communicate your strategy to your partners
 - Clearly articulate your goals
 - Provide regular communications and updates
- ▶ Measure your port's success



Ports of Indiana

“Our success depends on...”

- ▶ Quality of our professional staff & board
- ▶ Working collaboratively to achieve shared goals:

To develop & maintain a world-class port system that operates as an agile, strategically-driven, self-funded enterprise dedicated to growing Indiana's economy

Because we want to be...

the premier inland port system in North America by creating a sustainable competitive advantage for our customers and the State of Indiana

Thank you.

Rich Cooper
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