

AMERICAN ASSOCIATION OF PORT AUTHORITIES

**“Creating Short Sea Opportunities
- The Terminal’s Role”**

**GROWTH OPPORTUNITIES FOR
GENERAL CARGO AND SHALLOW DRAFT PORTS
MEMPHIS, TN
NOVEMBER 14, 2006**

Maurice S. Owen, *Port Director*

Owensboro Riverport

The Terminal's Role – Create and Expand Opportunities for Port Services

1. Facility Development
 - *Planning for the Future*
2. Operational Performance
 - *Providing Excellent Service Daily*
3. Focus on Customers and Markets
 - *An Evolution*

Facility Development - Planning for the Future

- Aggressive Capital Investment
- Master Plan
- Identify Funding Sources
- Evaluate and Calculate Risks/Opportunities
- Diversification & Niche Market Development
 - Project Cargo
 - Containerization
 - Markets for Transload Cargo
 - Globalization of Natural Resources and Commodities
 - Foreign Trade Zone (FTZ)
 - Refine Market Intellect Use

Operational Performance - Providing Excellent Service Daily

- Safety. Safety. Safety.
- Swift and Decisive Responsiveness to Customer's Demands and Requirements
- Preventative Maintenance and Replacement Program for Equipment
- Develop Sense of Ownership amongst Employees
- Promote Strong Relationships with Shipping Industry (stevedores, freight forwarders, coastal ports, etc.)
- Develop the Reputation for "Doing It Right!"

Focus on Customers and Markets - An Evolution

- Provide Excellence in Customer Service Every Day with Every Customer
- Understand your Customer's Operations, Business Goals, and Markets Conditions
- Diversification & Niche Market Development

Evolution to a Market Focus Model

- Strategic Positioning – Create Opportunities for Port/Terminal
- Understanding Capabilities and “Matching” Ports to Potential Regional Markets
- Offensive Posture – Alter Market Forces
- Scenario Planning

Evolution to a Market Focus Model



Evolution to a Market Focus Model

Market Focus
- Expanding Opportunities -

Intellect

1. Insight & Knowledge
2. Management Systems
3. Strategic Assessment
4. Enterprise Change
5. Managed Risk

Innovation

1. Technology
2. Empowerment
3. Rate Offering
4. Flexibility
5. Scenario Plan

Relationships

1. Intangibles
2. Brand
3. Communicate MV
4. Prove Performance
5. Network

Integrity

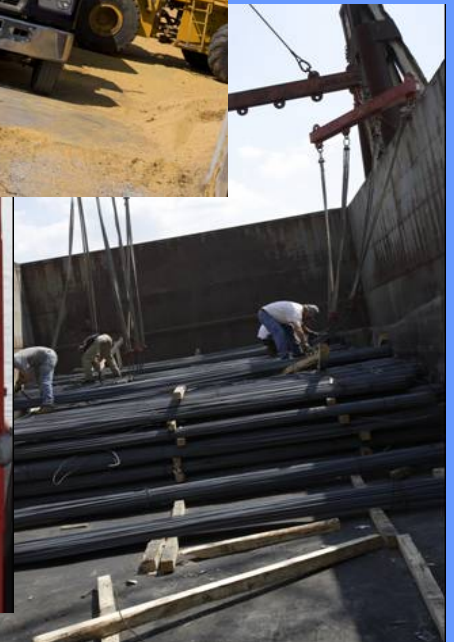
1. Respect
2. Teamwork
3. Performance
4. Sharing
5. Trust

Creating and Expanding Opportunities

Market Focus approach allows you to:

- Easily differentiate your organization from your competition by allowing more opportunities for Value Added Services and Vertical Integration.
- Capture long-term customer loyalty by distancing your firm from other Alternatives and/or Substitutes.
- Focus and develop new opportunities and Niche Markets.

A Closer Look at Owensboro Riverport



Connecting Commerce to Community

Mission Statement



OUR MISSION IS TO ESTABLISH THE OWENSBORO RIVERPORT AS THE PREMIER INLAND PORT IN THE OHIO RIVER VALLEY BY PROVIDING A DYNAMIC, EFFICIENT, CUSTOMER ORIENTED, AND MARKET FOCUSED INTERMODAL FACILITY THAT CONTRIBUTES TO COMMERCE AND ECONOMIC GROWTH FOR OWENSBORO AND THE REGION.

Location.
Location.
Location.

*Owensboro Riverport...
...is at the
“Heart of America”!*



Aerial Photo

Harbor Road Terminal



NW view

Conceptual Views



Experience.

- Chartered by the City of Owensboro – public port - began operations in 1976
- Self-operating management
- Self-sufficient structure
- Creates economic development opportunities with local & state partners
- Major contributor to Owensboro-area commerce, trade, & transportation segments



Aluminum

- NYMEX/COMEX Licensed Warehouse
- LME – NASAAC Licensed Warehouse
- Global Market
- International Notoriety



Steel



Fertilizer and Bulk Products



Grain





Paper

Project Cargo



Performance.

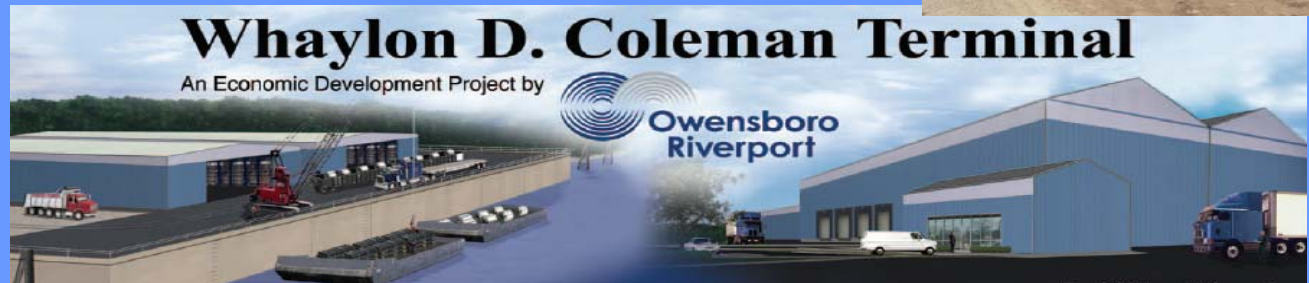
- 150 acre “working” terminal – Harbor Road
- 90 acre “development” site – Coleman Terminal
- Two-tiered flood wall
- Two 110-ton cranes
- One 40-ton crane
- Lift truck fleet - 5,000 lbs. up to 52,000 lbs.

Harbor Road Terminal



Whaylon D. Coleman Terminal

An Economic Development Project by



Operations

- Handle and store various goods, products, and cargo among indoor warehouses and outdoor storage yards
- Utilize various modes of transportation including barge, rail, and truck



Warehousing

- Operate/manage nearly 1 million square feet of on-site and off-site warehousing
- New 300,000 square foot state-of-the-art warehouse completed in August 2003



Services/Management

- Full Service (space, labor, and equipment)
- Full array of specialty handling equipment
- Warehouse Management System – developed by Northrop Grumman – Phase II scheduled for completion in 1st Quarter 2007



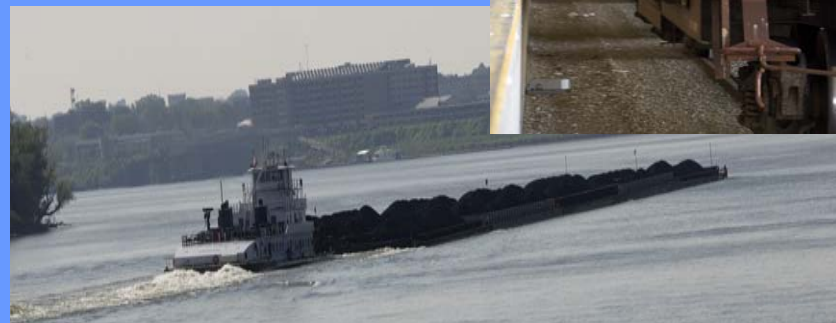
Excellence.

- U.S. Customs Port of Entry
- Foreign Trade Zone
- Premier intermodal facility in Ohio River Valley



Strategic Goals

- Achieve Optimum Financial and/or Operating Performance
- Develop Internal Business Systems by Leveraging Intellectual Capital
- Diversify into New Markets and Increase Existing Market Share through New Facilities and Services
- Enhance Company Perception through Improved Public Relations



Major Accomplishments/Projects

- Design and Construction of Warehouse # 4 (including administrative offices) – August 2003
- Foreign Trade Zone designation – December 2003
- Acquisition of Coleman Terminal (former Green River Steel) – April 2005
- Employee Incentive Pay Plan – July 2005
- Warehouse Management System – scheduled for Phase II completion in late 2006
- Development of Costing system for accounting/sales – ongoing
- Master Plan – ongoing



FOR MORE INFO...

Visit our web site at www.OwensboroRiverport.com

Questions may be submitted to:

Maurice S. Owen

Port Director

Owensboro Riverport

1771 River Road

Owensboro, KY 42301

(270) 926-4238

mowen@OwensboroRiverport.com



Served by all major barge lines and CSX railroad

Owensboro Riverport

“Experience – Performance – Excellence”



Overview: 1975 - 2003

Overview

The “Basics”

- Development of River-oriented Industries & Commerce
- Public River Terminal
- 3PL Warehousing



Owensboro Riverport

Facilities

- 150 acre “working” terminal
- 400,000 sq. ft. warehousing
- Two 110-ton cranes
- Two-tiered flood wall
- Lift truck fleet up to 52,000 lbs.



Owensboro Riverport

Unique Structure

- ✿ Self-Operate
- ✿ Financially Self-Sufficient
- ✿ “Dividend” to City of Owensboro
- ✿ Enterprise Function



Evolution to a Market Focus Model

- Tactical Perception

We perceive ourselves as a Customer Service Company in various external supply chains --- we just happen to complete this service via an intermodal port and 3PL warehouse.

Evolution to a Market Focus Model

1. Facility Development
2. Operational Excellence
3. **Market Focus**

Fueled by Knowledge, Intellect,
Experience, Innovation, Performance,
Internal Integrity...and Relationships.

Potential Acquisition of Green River Steel property

- ✦ This site was a former steel mill operation and is under RCRA regulatory control under U.S. EPA
- ✦ Additional 350,000 sq. ft. of warehouse space
- ✦ Rail-Truck transfers
- ✦ Indoor facility with ample overhead crane capacity to handle various commodities
- ✦ River front property for dock construction