COMMONWEALTH *of* VIRGINIA

Office of the

SECRETARY *of* TRANSPORTATION

APMT Unsolicited Conceptual Proposal

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Introduction

- The Office of the Secretary of Transportation (“SOT”) received an unsolicited conceptual proposal from AMP Terminals, Inc. (“APMT”)

- This presentation covers:
  - PPTA of 1995 and Guidelines
  - APMT’s Unsolicited Conceptual Proposal
  - 2009 Port Concession Proposals
  - APMT Unsolicited Conceptual Proposal Process
  - Next Steps

PPTA of 1995 and Implementation Manual and Guidelines

- § 56-556 of the *Code of Virginia* allows the Commonwealth to:
  - Receive unsolicited conceptual proposals
  - Receive competing proposals
  - Evaluate proposals
  - Negotiate with one or more or no proposers
  - Sign Comprehensive Agreements
- The Implementation Manual and Guidelines, developed in accordance with the PPTA, provide guidance for project development and implementation processes for both solicited and unsolicited PPTA projects across all modes
- The role of the PPTA is to encourage investment in the Commonwealth by private entities to facilitate development and/or operation of transportation facilities

APMT Unsolicited Conceptual Proposal

- **APMT proposes to operate the facilities currently operated by Virginia International Terminals (VIT) through a concession agreement**
- **APMT will transfer ownership of APMT-V to the Commonwealth, which enables VA to own all of the container terminals at the Port of Virginia**
- **APMT will pay fixed annual concession payments as well as an annual variable payment based on gross revenues (after pass through charges)**
- **The proposal cancels the annual lease obligation payable to APMT for APMT-V**
- **APMT will construct APMT-V Phase II**
- **APMT will fund capital and equipment replacement throughout concession term**
- **Estimated value of proposal $3.2 - $3.9 billion net present value (discounted at 5%) with an estimated long-term value of $9.3 billion**

APMT Unsolicited Conceptual Proposal Value

(As Submitted by APMT)

Commonwealth Value Illustration	NPV Range @5% (Millions)
Fixed Concession Payments: To contribute to VPA operating costs and debt obligations	$1,100 - $1,300
Revenues Sharing: Aligns VPA and APMT for future growth of the Port	$380 - $600
Capital Investment: Comprehensive investment plan in facilities will be undertaken by APMT	$650 - $830
Tax Benefits: Property Taxes, corporate income taxes and business license fees	$350 - $450
Ownership of APMTVA: APM Terminals Virginia in the most technologically advanced, environmentally friendly terminal in USA	$540 (Initial Investment)
Residual Value of APMTVA: Value of continued operations post-concession with APMT	$192
Total Value to the Commonwealth	**$3,162 - $3,912**

2009 Port Concession Proposals

- **In 2009, the Commonwealth received three proposals for port concessions:**
  - **CenterPoint Properties**
  - **The Carlyle Group**
  - **Carrix/Goldman Sachs**

- **These proposals were received at the beginning of a severe economic recession that negatively impacted the port and did not take into account APMT-V lease**

- **Commonwealth terminated the PPTA process in September 2010**

2009 Port Concession Proposals Summary

	CenterPoint Properties	The Carlyle Group	Carrix/Goldman Sachs
Initial Cash Investment	$500 Million	$500 - $700 Million	$250 Million
Term	60 Years	60 Years	30 Years
Value Over Life of Lease	$8.9 Billion	No listed long-term lease value	$2.1 - $2.4 Billion
Revenue-Sharing	Yes	Yes	Yes
Operations	Retain VIT, however did try to introduce Global Terminal and Container Services well after bid received	Retain VIT, later to become wholly owned subsidiary	Retain VIT
Capital	First right of refusal to develop Craney Island following Commonwealth's creation of 600 acres needed for facility	Partner with Commonwealth on Craney Island	Partner with Commonwealth in development of Craney Island

APMT Unsolicited Proposal Process

- **OTP3 will run the process on behalf of the SOT and VPA**
- **VPA Board will review proposals and approve major business terms of any potential agreement**
- **Ongoing outreach to the localities, legislators, and stakeholders will occur throughout the process**
- **The Commonwealth is under no obligation to enter into any agreements with any proposer**

Proposal Evaluation Schedule

• Proposal(s) Deadline	July 12, 2012
• Notification of acceptance or rejection of alternative proposals	July 30, 2012
• Negotiate Comprehensive Agreement	Aug – Nov 2012
• Present major business terms to VPA Board	November 2012
• Execute Comprehensive Agreement and Financial Close	2Q/3Q FY13