

Questions Regarding the Service Privatization Contract for VPA Marine Terminals

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Private-Operator Payments

- Will the payments by the private operator for the right to operate the VPA marine terminals be sent directly to the VPA or another entity?
- Will the private operator be required to fund VPA expenses using the current agreement for such funding by Virginia International Terminals (VIT)?
- Will the private-operator payments, over and above those needed to fund VPA expenses, be restricted for VPA marine terminal investments and improvements?
- Is VPA's Intermodal Terminal being considered for service privatization?

Private-Operator Payments

- Will the cities in which the VPA marine terminals are located receive a portion of the private-operator payments?
- If so, will the payments to the cities be based upon the throughput activities of the terminals (higher when throughput is higher and lower when throughput is lower) or fixed amounts per year?
- Will the payments to the cities be restricted for funding transportation improvements that will benefit the marine terminals located in the cities?

Quality of Service

- Will the privatization contract require that the private-operator maintain a certain quality of service (i.e., in order for VPA marine terminals to stay competitive with other East Coast Ports)?
- If so, how will the quality of service be evaluated, e.g., by the use of port performance indicators?
- Which port performance indicators are to be used, e.g., number of containers moved per hour by ship-to-shore cranes and container dwell time?

Penalties and Rewards

- If the quality of service of the VPA marine terminals under the private operator declines to (arises above) a certain level, will there be a mechanism in the contract whereby the operator will be penalized (rewarded)?
- If the throughputs of the VPA marine terminals fall below (arise above) a certain level, will the private operator be penalized (rewarded)?

Bankruptcy and Goals

- If the private operator goes into bankruptcy and ceases to operate the VPA marine terminals, will there be a mechanism in the contract to ensure the continuing operation of the terminals?
- Will the private operator be required to operate the VPA marine terminals in a way that is consistent with the goals (objectives) of the VPA, e.g., promoting state employment, economic growth and a clean marine environment?

Length of Contract

- Why are two potential private operators (CenterPoint Properties and the Carlyle Group) seeking a 60 year contract to operate the VPA marine terminals, whereas Carrix Inc. that owns the world's seventh largest private port operator - SSA Marine - is seeking a 30 year contract?

VIT/APM Proposal

- If an agreement is reached for VIT to lease the APM Terminal in Portsmouth, what impact will this have on the privatization contract for VPA marine terminals?
- Would the private operator of VPA terminals also assume the operation of the APM Terminal?
- If so, what impact will this have on the value of the privatization contract, since VIT's container throughput capability will have doubled if the APM deal goes through?
- Is there a need to privatize the VPA marine terminals if the APM deal goes through?

Timing of Privatization

- Is this a bad time to privatize the operations of VPA terminals?
- Given that the volume of VIT's throughput is down due to the global recession, should the privatization of VPA terminals be delayed until the terminals' throughput is higher and the value of the privatization contract is higher?
- What impact will the new ILA contract in 2010 and the completion of the widening of the Panama Canal in 2015 have on the value of the privatization contract for VPA terminals?

- Thank you for your attention.