

VPA Conceptual Proposal



Presented to The Purkey Committee

By Carrix & Goldman Sachs

November 12, 2009

Planning to Cover

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- Goldman Sachs Overview
- Our Proposal
- Q & A

Carrix Overview



Carrix
Global Gateway Solutions



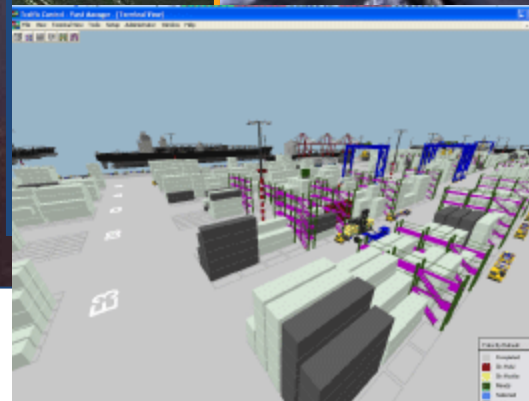
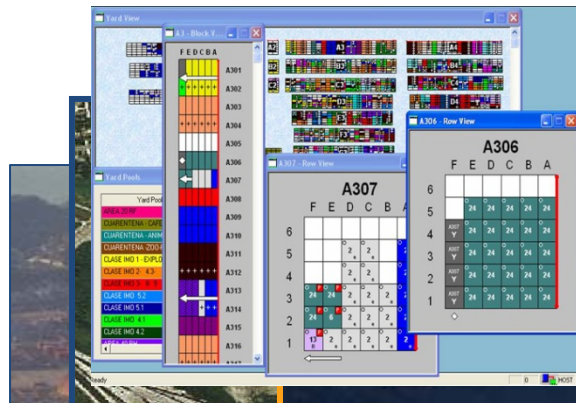
SSAMarine
A Carrix Enterprise



RMSRamps
A Carrix Service



TIDEWORKS
TECHNOLOGY



Carrix Overview

Container Terminals



- 12 long term franchises
- Container ops in South Atlantic
- 10.2 mill. TEUs for FYE Jan 2009
- Terminals under development in Vietnam, Mexico

Conventional



- Leases & concessions
- Every type of cargo

Inland: Rail & Trucking



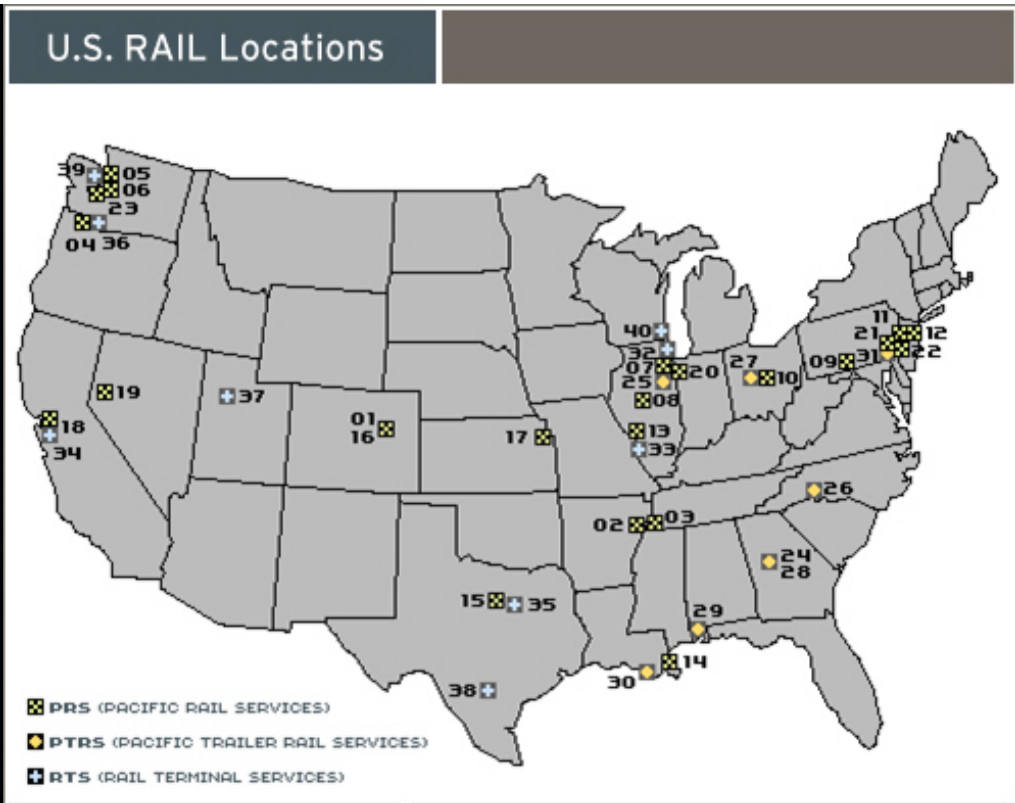
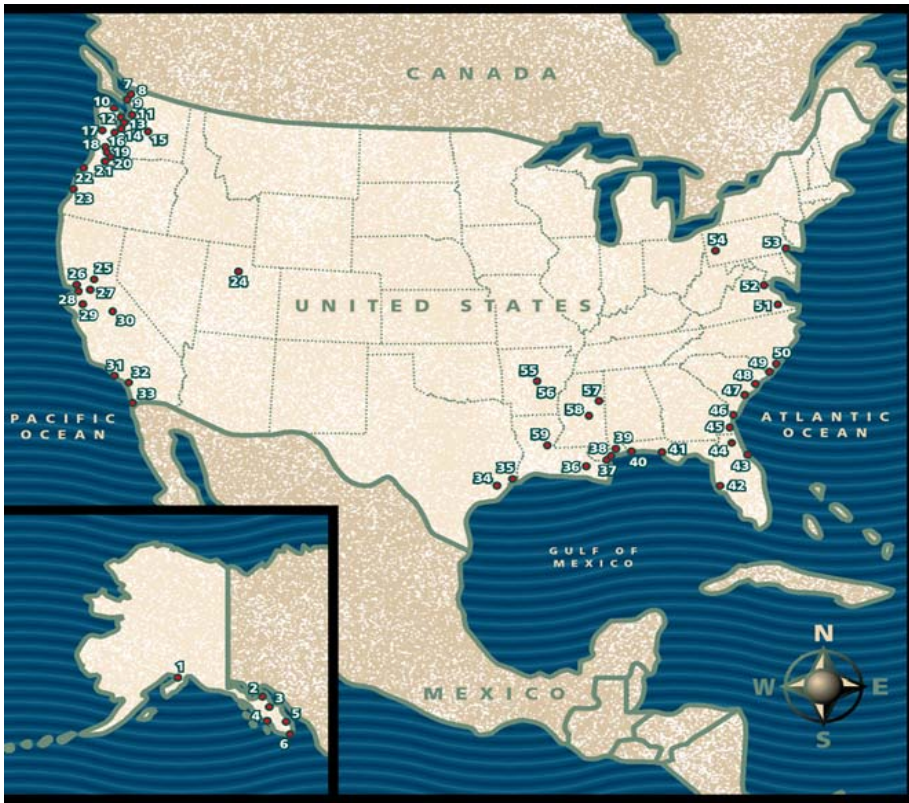
- 40+ rail facilities- RMS JV
- Rail 9.5 mill. TEU's 2008
- Truck depots-STE

- World's 2nd largest port systems provider
 - 23,000 users for >70 sites worldwide
 - Operations driven, cost effective
 - Lowest cost provider





Our U.S. Operations





Goldman Sachs Overview

- **140 year old global investment banking firm with three primary areas of business:**
 - Investment Banking
 - Trading and Principle Investments
 - Asset Management and Securities Services
- **Recently converted to a bank holding company**
- **Continues to act as a full service investment bank providing expertise in virtually all facets of finance**
- **Assists clients, including numerous municipal clients, in shaping and executing financial strategies**
- **Offices in more than 23 countries with over 25,000 employees**

Our Proposal

Objectives/Observations

- The Port is a public asset & VPA should control the Port's destiny
- A partnership, not a privatization; strategic operational partner assuming operational risk
- Provide VPA & the Commonwealth with upfront proceeds and the ability to benefit from growth going forward
- True partnership with cashflow sharing mechanism - both parties benefit on upside with VPA getting cashflow first
- A long-term partner. Not someone who will buy the asset and look to flip it later for a profit.



Our Proposal

Strategic Partnership	Upfront Cash Payment to VPA	Operational Cash Flow Sharing		30 Year NPV	60 Year NPV
30 Years	\$250,000,000	Up to \$25mm	- 100% VPA	\$2.1B	\$4.0B
		\$25mm to \$40mm	- 50% VPA	to \$2.4B	to \$5.2B
		Above \$40mm	- 25% VPA		

Strategic Partners:

1. Increase Revenues: Customer relationships & ancillary businesses
2. Reduce Costs:
 - Audit operations with VIT
 - Improve productivity – crane moves per hour/vessel & truck turn time
 - New technologies & ancillary businesses

Goldman Sachs Financing Alternatives:

1. Tax exempt transactions generating near term proceeds
2. American Recovery and Reinvestment Act Private Activity Bond statute allowing private activity bond issuance on Non Alternative Minimum Tax basis
3. Other opportunities taking advantage of VPA's dual credit structure
4. Innovative asset specific project financing

Benefits to VPA

- **Control the long-term destiny of the Port**
- **Strong financial benefits:**
 - Up-Front cash payment (\$250,000,000)
 - On-going sharing in Operational Cash Flow with first dollars going to the VPA
- **Strategic partners - help increase revenues & drive costs out of operations:**
 - Extensive commercial relationship with shipping lines & shippers/consignees
 - Apply best practices from around the world
 - Utilize IT systems to increase productivity
 - Employ system wide R & D at no cost to VPA
 - Consolidate O/H functions where advantageous
 - Develop and operate ancillary businesses to improve core terminal operations
 - Restructure financing
- **Best competitive platform to attract Suez and Panama Canal cargo in 2014**
- **Retain the ability to privatize when the market is conducive to higher valuations**



Our Proposal

Q & A