Diamond State Port Corporation

Public – Private Partnership (P3)
BACKGROUND

• July 2016: Strategic Master Plan recommends
  ❖ $300 million improvement to Wilmington facility
  ❖ Development of a container terminal
• October 2016: DSPC purchases Edgemoor site
• February 2017: DSPC Retains:
  ❖ Seabury PFRA to market a P3 project
  ❖ PFM Financial as an independent reviewer of P3
• March 2017: Request for Qualifications (RFQ) issued
  ❖ Closing date for submission: May 31, 2017
Request for Qualifications (RFQ)

• Key Criteria:
  ❖ Direct and indirect jobs
  ❖ Return on investment
  ❖ Relationship with existing clients and port labor
  ❖ Creditworthiness

• 92 RFQ’s sent to or requested by interested parties
• 21 parties signed required confidentiality agreements
• 10 submissions received
Evaluation Committee

- 7 out of 15 members of the Board of Directors
  - Secretary of Finance as Chair of committee
- PFM as an independent reviewer of the process
- Staff and Seabury in supporting roles
- Developed a scorecard to evaluate proposals
Scorecard

• Job creation
  ❖ Construction and operations

• Return on investment
  ❖ Capital investment projects
  ❖ Compensation to DSPC/State

• Continuation of existing clients and labor
  ❖ Cargo customers / union labor and office staff

• Quality of Business Plan
  ❖ Capital resources / creditworthiness / scope
Evaluation Process

• 10 submissions narrowed to 6 deemed fully responsive
• Encouraged proponents to explore partnerships
• Resulted in improvements to initial proposals
• October 2017 - Shortlisted to three proposals
  ❖ Two joined forces, leaving two for final evaluation
• Early December 2017 - Final review by Committee
• Mid-December – Committee met with lead respondent
• Committee authorized Board Chair to sign non-binding, exclusive Letter of Intent with GT USA Wilmington LLC
Letter of Intent / Term Sheet

- Chair signed non-binding LOI on December 19
- Negotiations immediately started on a detailed Term Sheet
- Term sheet signed by GT on March 22
- Evaluation Committee reviewed term sheet on March 23 and recommended its approval by the DSPC Board and Delaware General Assembly
GT USA Wilmington LLC

- Formed under Delaware laws
- 100% subsidiary of Gulftainer Company Limited UAE (Gulftainer) of United Arab Emirates
  - Established for over 40 years
  - World’s largest private and independent terminal operator
- An affiliate, GT USA, operates Canaveral Cargo Terminal at Port Canaveral, Florida
Gulftainer Management

Ramesh Shivakumaran, Group Business Services Director

Paul Hennessy, Group Port Operations Director

Iain Rawlinson, Group Commercial Director

Jesper H. Boll, Group Strategy & Business Implementation Director

Richard Blair, Group Legal Director

Peter Richards, Group Chief Executive Officer
Who we are?

- World’s largest privately owned, independent port operator.
- Delivering first class services since 1976.
- First dedicated container terminal in the Middle East
- Khorfakkan (KCT) recognized by Journal of Commerce (JOC) as the fastest terminal in the Middle East, Africa & Europe
- Gulftainer shortlisted for the “Supply Chain Hub of the year” and “CSR” at Logistics Middle East Awards 2018
- GT named ‘Port Operator of the Year’ at the Seatrade ME and Indian Subcontinent Awards 2016 and 2017
- Logistics Middle East Awards 2017 “Best Technology Implementation” of the year
- MEED Awards 2017, Corporate Health Award for “Wellness Programme of the Year”
Flagship facilities

Gulftainer Terminal at Khorfakkan
Gulftainer’s Journey from Local to Global

1976
- Awarded contract to maintain and operate Sharjah Container Terminal

2004
- Formed a JV to manage and operate Moroni Port in the Comoros Islands

2008
- Launched Momentum A 3PL firm

2011
- UQLC initiated KCT expanded to a capacity of 4.0 Million TEU

2012
- Recife, Brazil operations begin
- Opening of UQLC
- Awarded concession for Tripoli in Lebanon

2014
- Signing of agreement on Port Canaveral, U.S.A

2015
- Started operations at Port Canaveral, USA

2016
- Started operations at Tripoli Port

2017
- Terminals upgraded with MACH and SAP software. Awarded the “Best IT Implementation of the year” in the region
What we do?

- Contract Logistics
- Container Repair
- Port Management
- Logistics Cities
- Freight Forwarding
- Inland Transportation
Operations

- Port Canaveral, USA, 2015
- Port Recife, Brazil, 2012
- Tripoli Port, Lebanon, 2016
- Iraq Projects Terminal, Iraq, 2010
- Iraq Container Terminal, Iraq, 2010
- Jubail Commercial Port, KSA, 2013
- Jubail Industrial Port, KSA, 2013
- Northern Container Terminal, Jeddah, KSA, 2013
- Port Khalid, UAE, 1976
- Khorfakkan Port, UAE, 1986
- Jordanian Container Terminal, Jordan, 2010
Our growth and operational performance has been consistently high over the years.
## Productivity

### Top Ports: Europe, Middle East, Africa

<table>
<thead>
<tr>
<th>PORT</th>
<th>COUNTRY</th>
<th>Berth Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khor Fakkan</td>
<td>United Arab Emirates</td>
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<td>Jebel Ali</td>
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<td>Rotterdam</td>
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<td>61.3</td>
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### Top Ports: Worldwide

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<tr>
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<tbody>
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<td>Qingdao</td>
<td>China</td>
<td>99.5</td>
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<tr>
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<tr>
<td>Shanghai</td>
<td>China</td>
<td>88.5</td>
</tr>
</tbody>
</table>

Source: JOC Port Productivity Report
Customer Base
Momentum Logistics
Logistics Parks

UQLIC KCI is 100,000 sqm
50,000 sqm of Laydown area
Offices available @ 30 sqm each
2 x Cold Stores @ 1,800 sqm each
1 x Small Warehouse @ 1,350 sqm
2 x Large Warehouses @ 5,400 sqm each
We deliver extraordinary results through our people

Our aim is to:

• Attract, retain, develop and engage a diverse workforce;

• Support business growth in new and existing markets with the right talent and capabilities;

• Proactively fill talent gaps;

• Effectively restructure workforce in response to mergers, divestitures and on-going organizational changes.
Gulftainer’s four pillars of our “Corporate Social Responsibility” policy

- Health and Safety
- Environment
- Corporate Governance
- Employability
GT USA will invest in civil work and equipment at current facility to optimize existing container yard footprint and surrounding land to increase container throughput from current 350,000 to 600,000 TEUs.

GT USA will develop a common user multipurpose facility utilizing a Rubber Tired Gantry (RTG) yard configuration.

GT USA will ensure civil work is done in a manner to also allow for additional bulk and breakbulk cargoes once containers are transitioned to Edgemoor.
Edgemoor – New Terminal

- GT USA will commence construction in 2021
- GT USA will open new state of the art common user container terminal with capacity of 750,000 TEUs in 2023
- GT USA will utilize an RTG yard configuration that will be seamlessly integrated to maximize operational efficiency
- Included new state of the art Refrigerated Warehouse
- GT USA will build out facility and add equipment based on increased volume up to capacity of 1.2 million TEUs
Thank you
What is covered

• 50-year lease – DSPC continues to own real property
• GT to acquire existing assets:
  ❖ cranes, equipment, vehicles, software
  ❖ As-is, where-is basis
• Covers DSPC’s Wilmington and Edgemoor properties
• Potential: Pigeon Point (option), Boxwood (exploring partnership), Riveredge (as commercially reasonable)
• Permitted Use:
  ❖ Containers, break-bulk, bulk (dry and liquid), roll-on/roll-off
  ❖ NO liquefied natural gas terminal
Capital Investment Commitment

• First 10 years: projected $584 million
  ❖ Wilmington: $73 million
  ❖ Edgemoor: $411 million
  ❖ Warehousing: $100 million

• Minimum Capital Investment Guarantee:
  ❖ Wilmington: $40 million in first 2 years, additional $20 million in warehousing in first 3 years
  ❖ Edgemoor: $250 million start 12/31/2020, operational by 12/31/2023 – extended by 2 years if container cargo volume less than 600,000 TEUs

• GT responsible for Edgemoor dredging: $42 million +/-
Annual Cargo Volume Commitment

- Initial 10 year plan
- Containers
  - More than 100% growth to 780,000 TEUs
- Non-containerized
  - 75% growth
- Minimum Annual Guaranteed: 75% of planned
  - 3-year average
Jobs

- ILA-exclusive facility. Use of existing unionized labor workforce in accord with applicable collective bargaining agreement.
- Have entered into a Project Labor Agreement with qualified unionized labor for capital improvement projects.
- Offer employment to all other DSPC employees at substantially similar compensation for not less than six months.
- Cargo volume growth drives direct and indirect job growth which could double from current levels of 5,800.
Concession Fees

• Based on cargo volumes and periodic adjustments for inflation
• Payments of approximately $6 million in Year 1 rising to approximately $13 million by Year 10
• Minimum Guaranteed payments will cover all existing debt and post-closing operating expenses
• Revenue above DSPC debt and expenses go to State.
• No continuing financial support from DSPC and State for operating and capital expenditures
Oversight Rights

- DSPC to have an observer at every public, private and executive Board meeting of GT USA Wilmington LLC.
- Monitor safety and security, Consent rights on changes to business strategy, pledging of existing assets, leasing of substantially all of the assets, major constructions that would incur material environmental liability, dredge management, marketing support.
- ILA to have an observer at operational meetings.
- Gulftainer and DSPC agree to mutual non-competes.
Maintenance and Hand-back

- GT to maintain the properties and assets in good working order and condition
- Material default for failure to meet minimum capital and cargo volume requirements.
- Joint inspection of the facility every five years
- Facilities to be handed back with capacity to handle:
  - Same type of services as provided in the previous five years
  - TEU and tonnage volume equal to last five years’ average
- Handback in an environmental condition reasonably similar to that on Closing Date
PFM Group
PFM developed a scorecard based on the RFQ’s evaluation criteria.

Fall 2017 -- PFM reviewed and scored the 6 fully-responsive proposals using summary data assembled by Seabury PFRA.

December 2017 – GT proposal scored a 4.1 on a 5.0 point scale. Next highest proposal scored a 3.4.

March 2018 – GT score improved to 4.4 based on the final term sheet.

GT Proposal Key Strengths – Job creation, total compensation for the Port/State, and quality of the business plan.

PFM has advised Port authorities on several long-term seaport transactions.

GT’s proposal is consistent with and compares favorably to these transactions in term, capital investment and total compensation.
Next Steps

• DSPC Board’s recommendation to General Assembly
• Presentation to Bond Bill Committee
• General Assembly approval of concurrent resolution authorizing the transaction.
• Continue working with Federal Committee on Foreign Investment in the US (CFIUS) and Federal Maritime Commission for the review of P3 transaction
• Continue working toward various steps for Closing
• Continue collaborative efforts with GT that will expedite capital investments.