

## MARYLAND DAILY RECORD

### Board of Public Works OKs Seagirt deal

by Nicholas Sohr

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Ports America Group will make more than \$600 million in infrastructure improvements to Seagirt Marine Terminal under the terms of the deal with the state.

ANNAPOLIS — The 50-year lease of Seagirt Marine Terminal is expected to close in mid-January after the Board of Public Works granted the deal its last required state approval on Wednesday.

The public-private partnership, valued by the state at up to \$1.8 billion, gives control of the main on- and off-loading point for shipping containers in the Port of Baltimore to Ports America Chesapeake. The company is a subsidiary of Ports America Group, which has operated Seagirt since it opened.

“We did run the risk of this being not a gem, but an albatross, around the neck of the state,” Treasurer Nancy Kopp said of the terminal. “This is a very good deal.”

Kopp sits on the board with Gov. Martin O’Malley and Comptroller Peter Franchot. All three voted to approve the deal.

Franchot questioned the sense in putting such an important piece of state infrastructure in the hands of a private company that could be sold at the whim of its New York-based corporate parent, Highstar Capital, an infrastructure investment fund.

The deal includes a buyout clause, port officials said, that allows them right of first refusal in the event of a sale.

Christopher H. Lee, managing partner and founder of Highstar, estimated such a sale is five to seven years away.

“At some point, we’ll sell the business,” Lee said. “If we sell the business to somebody they don’t like, the state can take the port back.”

The buyout clause was inspired by the public outcry over a proposed acquisition of a company that held a state contract at Seagirt by Dubai Ports World, a state-owned company in the United Arab Emirates.

“That’s what really created our interest in getting a right of first refusal,” said James White, executive director of the Maryland Port Administration.

State transportation officials have championed the lease as the best way to ensure Seagirt's infrastructure is upgraded to keep up with the wider, deeper, taller ships already in operation.

The agreement requires Ports America to invest more than \$600 million in port-related infrastructure improvements over the 50-year life of the lease, pay yearly rent and make an upfront payment of more than \$100 million to fund other Maryland Transportation Authority projects.

Most importantly, transportation officials say, is the 50-foot berth Ports America will construct at Seagirt to accommodate larger ships from Asia that are expected to call on East Cost ports when an expansion of the Panama Canal is completed in 2014.

In place at Seagirt are three berths with depths of 45 feet, and seven container cranes. Ports America will add four cranes to the new berth capable of handling container stacks that are higher and wider than those now calling at the port.

The deal also includes the return of a lease on 53 acres of Dundalk land that will allow for the construction of two terminals to handle roll-on/roll-off cargo.

## **Baltimore Sun**

### **Private firm wins lease to manage port of Baltimore**

By Julie Bykowicz | [julie.bykowicz@baltsun.com](mailto:julie.bykowicz@baltsun.com)

December 17, 2009

The state Board of Public Works approved Wednesday a 50-year lease that will allow a private company to manage operations at the port of Baltimore. Officials say the deal will generate at least \$1.3 billion and 5,700 new jobs.

As part of the agreement, Ports of America Group will create a 50-foot-deep berth and purchase four cranes to help prepare Seagirt Marine Terminal for larger cargo ships that are expected after widening of the Panama Canal is completed in about four years.

The deal was announced about a month ago. At the Wednesday public works meeting, Comptroller Peter Franchot, one of three members of the state spending panel, questioned the wisdom of the deal but voted for it along with Gov. Martin O'Malley and Treasurer Nancy K. Kopp.

Franchot said he was "concerned that we'll be worse off than we are now" if Ports of America's owner, Highstar Capital, decides to sell the company.

Christopher Lee, a Ports of America official, said that it is Highstar's intention to sell Ports of America in five to seven years, but he assured the state officials that whoever becomes the new owner, the Baltimore port would be "in good hands."

O'Malley also said Maryland has the right of first refusal when Highstar sells, meaning the state can buy back Seagirt.

Franchot said he was satisfied, adding, "I think this is a good deal," before approving it. O'Malley said the state "desperately needs" the jobs the lease will bring.

Once financing is completed, Seagirt's current owner, the Maryland Transportation Authority, will receive a payment of \$100 million that can be used for roads, tunnels and bridges. The state also will receive 65 acres at Dundalk Marine Terminal.

State officials anticipate the creation of 3,000 construction jobs for the terminal and port expansion and another 2,700 permanent jobs to accommodate increased traffic from the larger ships.

In a letter endorsing the deal, the chairmen of the spending committees in the House of Delegates and the Senate wrote that the lease "represents a tremendous benefit to the state."

"We continue to cautiously approach [public-private partnerships], recognizing that on a case-by-case basis, [they] can be an important tool in maintaining and improving state infrastructure," the letter stated.

O'Malley called the deal an exemplary partnership, contrasting it with earlier projects across the nation where states sold highways to private companies that drastically increased tolls and let maintenance lapse. "This addresses all of the shortcomings," he said.

Wednesday, Dec. 16, 2009

## **Gazette Newspapers**

### **Board of Public Works approves port terminal lease**

#### **Ports of America to lease Baltimore's Seagirt Marine Terminal for 50 years**

by Sean R. Sedam | Staff Writer

ANNAPOLIS — The state Board of Public Works approved an agreement to lease the Seagirt Marine Terminal in Baltimore to Ports America Chesapeake for the next 50 years today, even as the company's president said it plans to sell its stake in the operations in the next seven years.

The board, which comprises the governor, comptroller and treasurer, unanimously approved the deal. It is expected to create 5,700 jobs and could yield \$1.3 billion to \$1.8 billion in total investment and revenue over its life, including \$15.7 million annually in state tax revenue.

Under the agreement, Ports America will spend \$105.5 million to build a 50-foot berth to allow larger ships to dock at the terminal by the time the Panama Canal expansion is completed in 2014. The agreement also adds four state-of-the-art container cranes.

"Making the investment now will allow the port not only to be competitive with other ports as the canal is widened but also to create jobs," Gov. Martin O'Malley (D) said.

The berth project is expected to begin "immediately," said state transportation Secretary Beverly K. Swaim-Staley, and will create about 2,000 of the 3,000 construction jobs related to the deal. An additional 2,700 jobs are expected to be permanent and come from increased container business.

Ports America is one of the largest port operators in the nation, operating 84 other terminals. It has operated the 200-acre Seagirt terminal since it opened in 1990 and the Dundalk Marine Terminal since 1996.

The company intends to sell its operations at the Seagirt terminal in five to seven years, either through a public offering, to another infrastructure fund or to a strategic port operator, said Christopher Lee, president of Ports America Chesapeake.

The state has right of first refusal of any sale.

"So [a sale] is really not a concern," said James J. White, executive director of the Maryland Port Administration.

Over its lifetime, Seagirt has averaged \$1.8 million in annual profits, making \$2.8 million in its best year and losing \$4.6 million in its worst, White said.

The new deal guarantees the state \$3.2 million annually and incremental profit sharing once the volume of business exceeds 500,000 containers, he said.

"There is no loser in this deal. It is a true joint venture and I think we're going to complement each other and bring the port to a higher level," White said.

The Port of Baltimore employs about 16,500 workers and is ranked first nationally for rolling cargo, trucks and imported forest products, gypsum, sugar and iron ore. It is ranked 14th nationally in total foreign cargo tonnage and 12th in cargo value.

The agreement with the Maryland Port Administration calls for Ports America to shift container operations from Dundalk to Seagirt and to give back to the state 65 acres at the Dundalk terminal that will allow the expansion of automobile and rolling cargo operations there.

## Gazette Newspapers

### State board OKs lease of port terminal

#### Ports America to operate Baltimore's Seagirt for 50 years

by Sean R. Sedam | Staff Writer

ANNAPOLIS — The state Board of Public Works on Wednesday approved an agreement to lease the Seagirt Marine Terminal in Baltimore to Ports America Chesapeake for the next 50 years, even as the company's president said it plans to sell its stake in the operations in the next seven years.

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The agreement with the Maryland Port Administration calls for Ports America to shift container operations from Dundalk to Seagirt and to give 65 acres at the Dundalk terminal back to the state, a move that will allow the expansion of automobile and rolling cargo operations there.

In other port news this week, BMW signed a five-year contract to import 50,000 new vehicles annually through the port beginning in the first quarter of 2010.

BMW will use the Mercedes-Benz vehicle processing center at the port administration's Fairfield-Masonville auto terminal for the new business, according to a statement from the administration.

"This is very welcome news for the Port of Baltimore's auto business and for the hard-working men and women who work at the Port every day," O'Malley said in the statement.

BMW vehicles are currently imported through Charleston, S.C. The German automaker said the Baltimore deal will help with shipping logistics and be more cost-efficient. The Port of Baltimore is the closest East Coast port to the Midwest.

In fiscal 2009, the Port of Baltimore handled about 400,000 autos, down about 32 percent from fiscal 2008.

## Cargo Business News

### Ports America 50-year lease approved for Baltimore terminal

The state Board of Public Works approved Wednesday a 50-year lease that will allow a private company to manage operations at the port of Baltimore. Officials say the deal will generate at least \$1.3 billion and 5,700 new jobs.

As part of the agreement, Ports of America Group will create a 50-foot-deep berth and purchase four cranes to help prepare Seagirt Marine Terminal for larger cargo ships that are expected after widening of the Panama Canal is completed in about four years.