



Port
of Seattle

**Terminal 86 Grain Terminal
Commission Briefing**

July 28, 2009

Facility History

- Construction began in April 1968
- Cargill lease commenced July 8, 1969
- Terminal operational November 1970
- Original cost of \$14 million
- Assigned to Louis Dreyfus March 2000

Facility Overview

- *Receiving and Storing*

- Commodities Handled – Corn, Soybean, Sorghum...
- Sourced mainly from upper Midwest
- Receiving – By rail – BNSF and UP
- Rail yard holds 240 loaded railcars, 150 empties
- Can offload 2,000 metric tons per hour
- Measuring – Scales inbound and outbound
- Storing – 68 silos, 39 interstices hold 4 m bushels

Facility Overview

- *Shipping*

- Shipping – From silos, or direct from railcars
- Silos – Allow blending of different grades from different silos to meet exact specifications
- Direct Rail Loading – reduces energy used, cost of handling, and reduces breakage of grain, preserving quality
- Two commodities can be loaded at the same time
- Can load a Panamax ship in 72 hours.
- Loading must shut down during rain

Lease Agreement

- Currently in 10th amendment
- Base Rent – plus Volume Percentage
- 5-year option this November
- Considering lease amendment
 - Extend term 10 years
 - Facility Upgrades



Economic Impacts

Port Revenues – Are steady and significant – T-86 diversifies our revenue base

- Enhances Port's credit ratings
- Jobs – Good family wage jobs all year round

A photograph of a paper mill's machinery, showing a long, yellowish-brown paper sheet being processed by rollers and guides. The scene is industrial, with metal structures and pipes visible in the background.

Key Issues

- Exercise 5-yr option vs. lease amendment extending term 10 years
- Aging facility components that require replacement/modernization
- Capital investment-partnership between Port and Lessee
- Perform upgrades while maintaining volumes and revenue to Port

Business Outlook

- Markets Served – Asia, Middle East, Europe
- P-86 - Record volumes in recent years
- Current outlook strong through March 2010
- PNW location is an advantage
- P-86 berth accommodates deep draft vessels
- Steady supply of grain and strong demand bode well for longer term
- New Grain terminal to be constructed in Longview Washington

Environmental

Louis Dreyfus has initiated and maintained a consistent environmentally-responsible record of operation:

- Rail – Locomotives on site now using biodiesel
- Direct loading from railcars saves energy
- Overwater systems – converting from hydraulic to electric
- Dust Suppression – Additional improvements planned
- Tenant shares interest with Port for sustainability

Summary

- **40 continuous years of good service**
- **Aging components**
- **Opportunities to improve competitiveness**
- **Environmental opportunities**
- **Continued Partnership**





Next Steps

- Negotiations underway
- Report back in the Fall
- Questions?