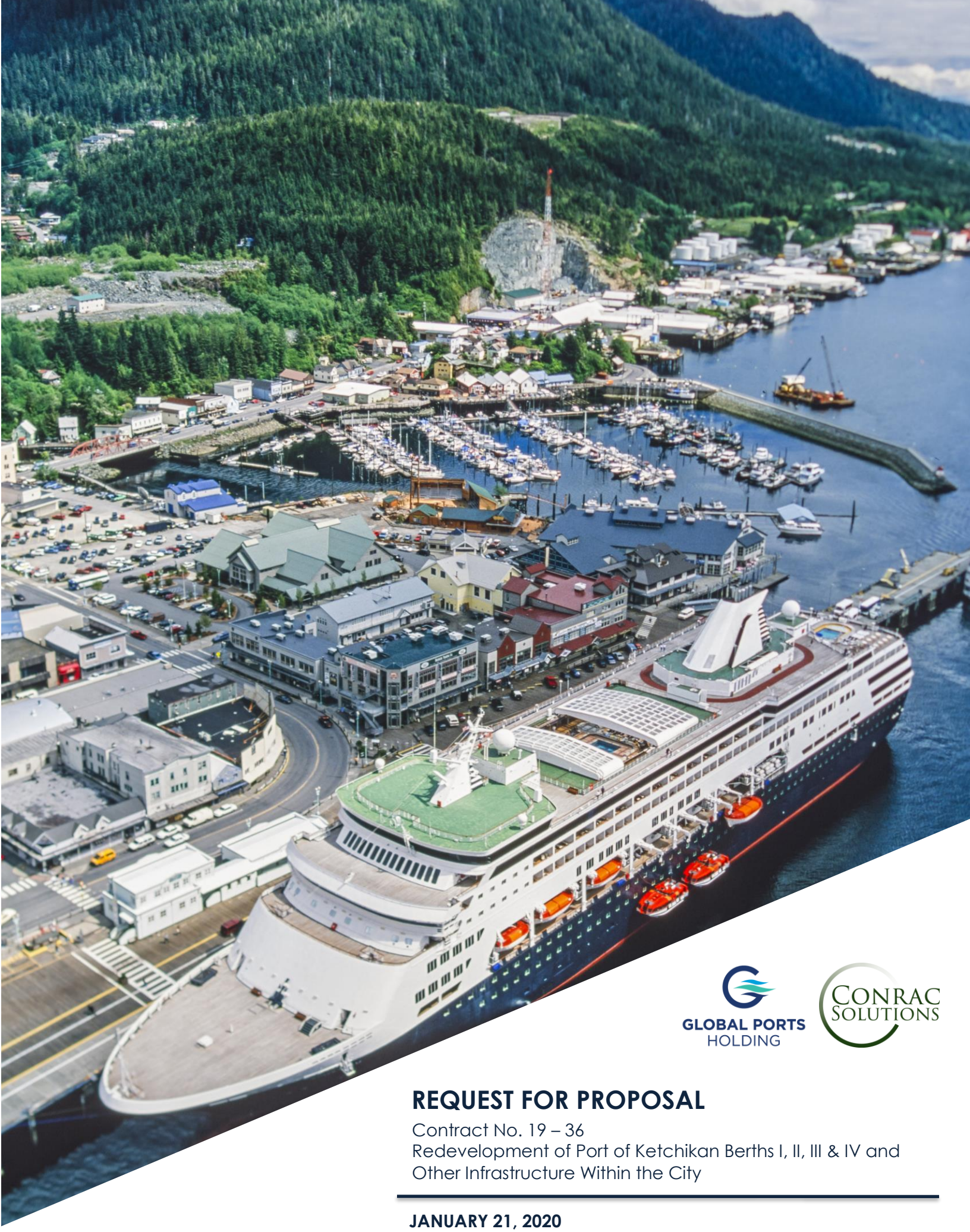


GLOBAL PORTS HOLDING

CONRAC SOLUTIONS

REQUEST FOR PROPOSAL

Contract No. 19 – 36
Redevelopment of Port of Ketchikan Berths I, II, III & IV and Other Infrastructure Within the City

JANUARY 21, 2020

Table of Contents

Reference to the RFP Sections

Section 1	| 6.2 - Description of Alignment with the City's Objectives
Section 2	| 6.3 - Team Members and Qualifications
Section 3	| 6.4 - Operating Experience | 6.5 - Development Experience
Section 4	| 6.6 - Project
Section 5	| 6.7 – Financial Proposal for Concession Approach
Section 6	| 6.8 - Schedule
Section 7	| 6.9 – Exceptions to Agreement

JANUARY 21, 2020
STRICTLY CONFIDENTIAL

City of Ketchikan, Alaska
Contract No. 19 – 36
Redevelopment of Port of Ketchikan Berths I, II, III and IV and Other Infrastructure Within the City

Re: Cover Letter for Contract No. 19 - 36

Greetings,

Management of the cruise industry in Ketchikan is currently in transition. With the announcement of the Ward Cove project by a consortium including a partnership with one of the major cruise lines, it is crucial for the City to maintain separate cruise facilities, both as a matter of fiscal policy and local identity.

It is of utmost importance for Ketchikan to maintain its own destiny as well as to serve the needs of all cruise lines while reducing congestion, alleviating negative environmental impact and preserving Ketchikan's rich history and culture while protecting a key revenue source and economic driver for the community.

These components will become increasingly important as increased quantity and size of ships from various parts of the world want to explore the state of Alaska due to increasing demand for Alaska as a worldwide tourist destination. The Global Ports Holding ("GPH") / Conrac Solutions ("CS") team, operating under a project specific entity; Ketchikan Port Solutions, LLC, is uniquely qualified to partner with the City to meet the challenges and capitalize on opportunities unique to the City of Ketchikan.

Introduction to our team

Conrac Solutions is a home-grown company founded in Anchorage in 2006. It now has a global reach and it is revolutionizing the way airports across the U.S. approach ground transportation solutions. Likewise, Global Ports Holding is the only company of its kind to design, build, finance, operate and maintain cruise ports, and as the name suggests, globally. Both companies are one of a kind and Best-in-Class at what they do.

Both companies are part of a broader system of service to transportation industries; GPH serves regional transportation in Asia, Africa, Caribbean and Europe, at cruise ports, CS manages regional transportation in various markets in the U.S. at airports.

Independently, each company performs business operations congruent to the other: CS accommodates millions of passengers annually through consolidated rent-a-car facilities at airports and GPH accommodates millions of passengers annually at its cruise-ports. Combined, our respective expertise provides the ideal experience in cruise industry dynamics, understanding of doing business in Alaska, and guarantees the operational knowledge needed to deliver on the needs of the City of Ketchikan.

Overview of Our Vision

Ketchikan, unlike other port-of-call cities, is unique. These Port-of-Calls are the cruise industry's response to overwhelming passenger demand to explore Alaska. Once in Ketchikan, cruise "customers" become the City's "guests." Noting that both GPH and CS view them accordingly, our goal is to help the City provide them with an unforgettable, noteworthy experience in Ketchikan, while efficiently, fairly and equitably balancing economics for Ketchikan, its residents, its port operators and the cruise lines.

With that in mind, growth must be carefully managed to achieve balance between the impact that overcrowding has on the quality of life in Ketchikan, along with the need to maintain and grow the economic impact for the community. Finding that balance is key to a successful plan for all parties.

Critical to achieving these results is an Open Port Access approach. While maintaining a customer-centric approach. This method allows each competing cruise line to deliver services to its own customers in its own way with fair and clear rights of access, while allowing the City of Ketchikan to provide a consistent, reliable experience for all cruise passengers.

Specifics of What We Will Do

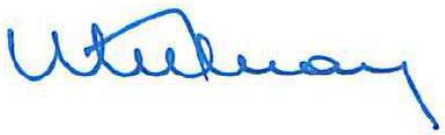
Once we at GPH or CS begin operations at a port, we become part of the community; we view the Cruise Port (or AirPort) as the portal to the community. That means we are part of hosting guests and seek successful integration to the City of Ketchikan. We will be engaged with the community including groups like the Chamber of Commerce, Downtown Business Association, School District, various non-profit organizations and other relationships unique to Ketchikan. Further, we will engage with tribal & cultural heritage and historical associations, as these groups represent the physical and tangible origin of Ketchikan.

Where we operate is where our employees' families live and work. We are the stewards and fiduciaries of the resource that is Ketchikan and without a commitment to all of the above, we can't be successful.

While prioritizing the above, our expertise is also rooted in operations, financial viability, technical solutions, environmental impacts, permitting, business terms, market research and approach to growing the business. All of these are detailed in our proposal and we look forward to discussing them with you in person at your earliest convenience.

Thank you for providing the opportunity to explain who we are, our vision, our track record and our commitment to you and your port resources.

Yours faithfully,



Mehmet Kutman
Chairman, Global Ports Holding

3rd Floor, 34 Brook Street
London – UK W1K 5DN
T: + 44 203 911 2315

Mark Pfeffer
CEO, Conrac Solutions

425 G Street, Suite 650
Anchorage, AK 99501
T: (907) 317-5030

1. Description of Alignment with the City's Objectives

1.1. Operational Approach

GPH, as the world's largest independent cruise port operator, will be responsible for the port operation in Ketchikan. Having an established presence in the Asia, Africa, Caribbean and Europe regions, including extensive commercial port operations, GPH ports provide world-class services to commercial vessels, cruise ships, ferries, yachts, fishing vessels and mega-yachts. The scale of GPH's operations allows GPH to develop and integrate best practices throughout its network, ensuring operational excellence while serving to over 12 million passengers and 5,600 calls in 2019. With a strong focus on continuous improvement, enhanced security practices and customer-oriented services, GPH aims to contribute to the development of the Alaska cruise industry. In this regard, Ketchikan Port Solutions, LLC, consisting of GPH and CS as its main shareholders, envisions the following policies and structures outlined below to ensure the City's key goals and objectives are met.

1.1.1. Overall Management Structure

Cruise facilities within the municipal boundaries consisting of Berths I, II, III and IV and the adjacent uplands and structures, currently operated by the City of Ketchikan, are among the most valuable assets of Ketchikan. Once complete, we will ensure management of the cruise facilities will be transitioned to highly-skilled employees with technical expertise under an efficient organizational structure – prioritizing hire of local workforce.

We recognize that many of the necessary skill sets already reside in Ketchikan. The intention of our group is to make the best efforts to fill all these positions with the local workforce. Our intention is to retain, to extent possible, the current employees of the port.

A primary component of GPH's mission is to create the Best Operating Model for ports, and they continuously improve by learning from each project, allowing them to integrate best practices across facilities in line with GPH's Code and Policies. GPH offers the opportunity to Ketchikan to be part of an experienced and well-recognized port platform. Benefits of involvement for the Ketchikan Cruise Port include using an operating model, shared knowledge, and best practices backed by years of global delivery. Further, GPH's approach includes increased promotion, creation of itinerary synergies within the GPH network and direct contact with all cruise lines. In this regard, GPH's diversified and experienced team commits to support aspects of the cruise port development and operations in Ketchikan Cruise Port. This integration of knowledge from GPH's other ports provides the transfer of skills and knowledge to locals working at the Ketchikan Cruise Port, which will contribute to operational efficiency enabling high levels of client and passenger satisfaction. Please refer to Appendix A for GPH's Code and Policies.

Ketchikan Port Solutions, LLC commits that it would prepare a succession plan, identifying, to the extent possible, individuals with potential for promotion to the executive management positions, along with a training and development plan to support the succession plan. GPH believes in the importance of rotational mobility in career development, provides opportunity to its employees who wish to work in other GPH ports.

1.1.2. Maintenance

The well-being and functionality of the port facility and its equipment can directly impact operational efficiency. Thus, we understand the importance of regular checks and tests to prevent any faults or breakdowns during operations. If failure occurs, we will respond quickly to rectify the situation and restore operations.

GPH has developed its own manual of Cruise Terminals Inspection. This manual establishes the protocol to carry out periodic inspections as part of the maintenance program prepared specifically for each of its ports. These inspections are performed by experienced GPH inspectors, accredited with Chartership from Engineering Institutions. During inspections, the inspector evaluates the conditions of the facilities, including the main findings of the inspection, and identifies areas of special interest that require action/repair work. Regardless of external factors, the schedule for routine checks and maintenance is maintained and enforced to ensure functionality of the equipment, minimizing potential repair costs and unexpected events. We will ensure the equipment affecting passenger operations like gangways and access platforms, are regularly tested.

The performed inspections identified that the current berths will need a cathodic protection system, and we are committed to performing the construction of a cathodic protection system for existing berths under its investment plan. Details of the cathodic protection has been presented in Section 4 of this Proposal. Similarly, routine maintenance and preventive works will be carried out for marine structures and superstructures to ensure safety and efficiency in vessel operations during and after cathodic protection production. Due to location, the marine structures are vulnerable to erosion, chemical corrosion and other forms of material failure. Therefore, it is vital to conduct regular checks to assure their structural integrity.

1.1.3. Proposed Terminal Operating Software System

GPH has a well-earned reputation for innovation, highlighted by the recent introduction of its proprietary cloud space software program. Defining key operational practices and governance using a web-based structure; this software enables all ports to share data in real-time, with insight into the following functions of Local Port Marketing & Sales, Shore Operations, Landside Operations, Reporting, People Management and Facility/Area Management.

All operational data is consolidated at the GPH headquarters so that port management has access to operational dashboards on their mobile devices or computers for real-time insight into results across the network. This visibility facilitates the development and sharing of best practices across the network.

Software introduction for a Ketchikan Cruise Port will be conducted by completing five main steps. These will include (i) introducing the port, (ii) introducing the port employees, (iii) training the port employees, (iv) setting the hierarchy of the port employees and (v) integrating the Accounting System to software.

The software contains several modules to conduct and trace operations, as well as decrease human error in both reporting and invoicing, which include Dashboard, Port Marketing & Sales, Shore Operations, Facility/Area Management and Data Management modules.

We have experience with the software to manage the growth in calls to achieve the best balance between the impact that overcrowding has on the quality of life of its citizens along with the need to generate economic impact. It will also ensure the City of Ketchikan, via its access in software, to check that berths are provided for fair distribution.

1.1.4. Health, Hygiene and Safety Management Plan

There is no greater priority at our group than safety. Safety takes precedence over all other considerations, and no practical or commercial consideration is allowed to override this. Like any business, day-to-day operations carry potential risks that must be mitigated. Our primary risk components we work around include: safety of thousands of passengers who travel through our facilities; dangers and risks due to working on and next to water; and how to accommodate the world's largest cruise ships.

Setting the standard for our Cruise and Commercial businesses, GPH launched its Health, Safety and Environment Manual in 2017. The goal is to prevent all injury, harm and illness, reduce losses and to ensure the personal safety of employees, contractors, the public and community. Furthermore, the manual ensures compliance not only with legislation but embeds health and safety activities and training in all operational locations to prevent incidents occurring or reoccurring. Please refer to Appendix B for GPH's HSE Manual.

There are significant differences (from concessions to legislation) in the operations of each of GPH ports, and as a result, there is no single operating model that comprehensively covers all ports and headquarters. The operating model's pillars are defined in harmony within GPH's consolidation agenda (potential synergy, service opportunities and operational efficiency). For this purpose, GPH has developed its own health, safety and environment manual, which is applied at each GPH port. All related policies formed by GPH or local authorities are reviewed and implemented by the GPH Head of Operation in each location.

Health Safety and Environment Management is a cross-functional practice for GPH ports and headquarters, with a focus on humans and the environment. We aim to prevent anything that may directly or indirectly affect day-to-day operational activities.

Implementation of HSE Manual in Ketchikan

Use of GPH's health, safety and environment manual is intended to supplement GPH's management of the Ketchikan Cruise Port. It contains useful information and detailed guidance on topics relevant to the management of ports and other marine facilities. The manual is intended to be a concise set of recommendations based on best industry practice. Target audience for this includes employers, workers and their representatives, vendors, manufacturers and suppliers, and professional entities dealing with health, safety and environment.

While applicable to all ports, the guide will be customized to Ketchikan Cruise Port. While designed to provide general guidance, it is noted not all manual provisions will be applicable to the port. Further, it is recognized that project stakeholders will encourage continued improvement to health, safety and environmental standards through mutual cooperation.

The manual identifies general duties of port authorities relevant to port marine safety as the following:

- Safe and efficient port marine operations;
- Open port, Conservancy, Environmental, Civil Contingencies duties;
- Revising duties and powers;
- Port authority powers;
- Take reasonable care, so long as the harbour/facility is open for public use, that all who may choose to navigate in it may do so without danger to their lives or property;
- Conserve and promote the safe use of the harbour/facility, and prevent loss or injury;
- Have regard to efficiency, economy and safety of operation as respects the services and facilities provided;
- Take such action that is necessary or desirable for the maintenance, operation, improvement or conservancy of the harbour / facility.

To be effective, safety will be developed in consultation with all project stakeholders. It will be disseminated by appropriate channels with supplemental training completed as needed prior to being put into effect. Supervisory staff will monitor the implementation and effectiveness of the system in practice and stay alert for any problems that may occur.

Integrated Management System Approach

Our main purpose is to render services that are environmentally friendly and safe to meet the satisfaction of both customers and employees, compliant with both domestic and international laws and regulations. Further, we seek to provide international port safety services and standards with reliability. Aligned with the approach above, our primary objectives are as follows:

- Enlarging Ketchikan Port's market share by increasing its competitiveness among the other ports through the mentality of steady improvement, growth into new markets abroad and advertising and marketing the region.
- Providing training for the employees related to each department.
- Composing new services in line with the customers' demands and requirements.
- Selecting the necessary supplies & requirements by considering the environment and occupational health and safety issues while acquiring high-grade materials appropriate for human and environmental health and to support recycling.
- Aiming to increase the quality, occupational health and safety and environment performance continuously and enhancing the services provided.
- Avoiding accident / injury/ disease within the occupational health and safety system, taking measures intended for decreasing environmental pollution, energy conservation and time loss.

1.1.5.Security Management Plan

Security Management is a vital cross-functional practice for all GPH ports. By using 'Best in Class' systems, all GPH ports maintain a keen focus on security and safety to prevent anything that may directly or indirectly affect the safety of guests and employees or impact day-to-day operational activities of cruise ships.

GPH has developed its security code of practice, which both covers and surpasses the detail and security level of the International Ship and Port Facility Security ("ISPS") Code.

In addition, all related policies formed by GPH and local authorities are reviewed and implemented by the GPH Head of Security in each location. The GPH security code sets the standard and helps improve security in all its ports in clearly defined specific practices. As a result of the code, GPH ports not only comply with ISPS standards but other security codes and standards, such as ISO 27001 Information Security Management and ISO 20858 Maritime Port Facility Security Assessments and Security Plan Development. Please refer to Appendix C for GPH's Port and Terminal Facilities Security Code.

As part of our operating model, the local GPH security team in Ketchikan Cruise Port will be responsible to implement the required safety measures to avoid incidents during the cruise ships operations, while working with the City and the Coast Guard to prepare and administer a Security Plan that can provide public access to Waterfront for all.

Access Control to the Berths

Ketchikan Cruise Port is in a public area with a large amount of public and private transport service traffic. The Security Plan will ensure continued access of the public in the Waterfront area while aligning waterfront enhancements with the needs of visitors and local residents. The dock's edge would be segregated longitudinally to enable ancillary operations in the cruise calls. A segregation barrier would be designed to prevent access by unauthorized personnel, including coaches, taxis and others, to the restricted access area during operation only. Noting the cultural and historic value of the port and the importance of maintaining public access to the waterfront, security systems will be utilized to preserve an appropriate level of visual security without disturbing the community. In this regard, CCTV systems will be placed for public surveillance that oversees the entire port area with digital recording. This component of the security plan will be developed in consultation with the City and Coast Guard.

1.1.6.Waste Management Plan

Our aim is to lower water consumption and use of natural resources in the most efficient way in all operations. To contribute to water efficiency, we will introduce water-efficient sanitation facilities and will be an advocate of conservation and responsible use of freshwater resources. In addition, a waste paper and recycling program will be conducted and usage of recyclable products in the port will be promoted and encouraged.

Please refer to Section 1.2. Environmental Impact Plan for more detailed information on the waste management plan.

1.1.7.Training and Professional Development of Employees

With GPH, employees are responsible for forming training plans in line with personal development aspirations and professional targets. GPH provides education and training opportunities directed towards enabling employees to improve their skills, achieve professional targets, expand their professional knowledge and conduct, and represent the company in an exemplary manner domestically and abroad.

Our recruitment process aims to ensure that the optimal number of qualified employees are employed in a manner that sustains and improves the productivity of the port's operations. We operate on an equal opportunity basis for all candidates and seek to utilize multiple channels in building a pool of eligible candidates. In this regard, our

intention is to transfer qualified employees directly from its current operations and maximize the economic impact of the City.

We are committed to undertake training programs after the closing of the transaction, which will include:

- Establishment of IT programs and effective usage;
- Understanding the internal and external reporting requirements (i.e. Asset Management Plan);
- Understanding the security policies, HR & safety procedures, marketing and communication with City, Coast Guard, cruise lines, and the importance of maintaining excellent relationships with local stakeholders.
- Understanding the berthing policies and application of the Open Access Plan;
- Understanding the construction milestone and maintenance plan.

1.2. Environmental Impact Plan

We are fully committed to delivering the best environmental standards for the Ketchikan Cruise Port while engaging with key local stakeholders. In this regard, we prepared an environmental impact plan which will be applied during the term of the concession.

Keeping the cruise terminals and its surrounding environment clean and free of pollution is part of the terminal operator's responsibilities. Since 2015, GPH has retained the ISO14001 certification, an international Environmental Management System (EMS) that integrates business practices with environmental goals to control impact on the environment while promoting productivity and reduction of waste.

Ketchikan Port Solutions LLC commits to:

- Abide by the principles and guidelines of all local and Federal authorities with respect to Environmental and Social Policy, as published from time to time.
- Manage and reduce the environmental impacts of its business activities and continuously improve its environmental performance.
- Aim to reduce its greenhouse gas emissions to minimize its impact on climate change.
- Carry out activities to reduce its air emissions.
- Aim to lower water consumption and use of natural resources while using them in the most efficient way possible in all its operations. We will treat and discharge water emissions (wastewater) in accordance with legal obligations.
- Conduct activities to assess, reduce and recycle waste resulting from our activities at the source, and dispose of them as required by legislation.
- Conduct activities to reduce energy use and increase energy efficiency.
- We will organize training to raise awareness of best practices among employees.
- Monitor and audit its environmental performance through the Environmental Management System. We will continuously monitor operations, identify areas for improvement, and set targets.
- Work in accordance with best practices in the industry in which we operate.

Furthermore, Ketchikan Port Solutions LLC plans to implement the following policies:

- Cooperate with regulatory authorities and comply with applicable legal and other requirements;

- Communicate the environmental policy and practices to all persons working for or on behalf of the port;
- Create environmental awareness among all employees working for or on behalf of the port and provide training in relevant environmental aspects of their activities;
- Promote the efficient use of energy and natural resources;
- Manage the generation of waste and promote recycling activities;
- Encourage the use of the Environmental Management System by suppliers and contractors.

We plans to identify the environmental aspects and impacts associated with its activities and services. Aspects with significant impacts shall be addressed to reduce and monitor their impacts. Specific and measurable environmental objectives and targets that are in line with the environmental policy will be established and reviewed on an annual basis to control the amount of generated waste per month, in addition to electricity and fuel consumption. Management programs will be developed to track the milestones and measurements of success. To reduce waste, segregation and recycling of waste materials such as plastic sheets, papers and wooden skids shall be carried out. The overall aim of the waste management plan for Ketchikan is to protect the marine environment by reducing discharges into the sea of ship-generated wastes, to improve the availability and use of reception facilities and strengthen the overall enforcement regime of these practices. Objectives include:

- To eliminate the illegal discharge of waste from vessels;
- To fulfil duties regarding waste management;
- To consult with users, agents, operators, contractors and regulators in the development and implementation of waste management strategies and measures;
- To minimize the production of waste and re-use waste wherever possible;
- To dispose of waste so as to minimize negative environmental effects.

In addition to the handling of the waste produced on board cruise ships, our waste management plan will also help control the water quality, air emissions, noise, soil, contamination and other issues (ex: constructions altering the natural environment, fauna, energy resources, etc.). The growing number of vehicles that converge on the port during busy cruise periods is another concern. In hot or cold climates, the engine has to run before passengers arrive in order to cool or warm the bus. In our ports, we seek to collect all exhaust emissions through smoke pipes at a single point and eliminate them during the operation.

Reducing solid waste and increasing recycling via the availability of garbage reception facilities demands the City's cooperation for better management of the ship-generated waste. We will work with local stakeholders and cruise lines to encourage the delivery of waste on land and to explore the possibilities of waste treatment. These efforts could decrease the large disparity between waste management ashore and disposal services in Ketchikan.

Relevant training will be conducted to equip employees with the necessary knowledge and competency to ensure compliance with environmental policies and procedures.

Regarding the contractors and ground handling agents the Ketchikan Port Solutions LLC may engage, we will establish procedures related to the significant aspects of the goods and services it uses and ensure applicable awareness and training is complete. Related to the Management and Mitigation of oil spillage, we will prepare an Oil Spill Contingency Plan to be agreed with the City within the first 2 years of operations. The purpose of the plan is to assist the City and other relevant organizations in dealing with an accidental discharge of oil or other polluting substances in order to design the necessary actions to stop or minimize the discharge and to mitigate effects.

1.3. Community Participation Approach

Ketchikan Port Solutions, LLC recognizes and prioritizes the involvement of people located in the community. We acknowledge that we cannot be successful in delivering an outstanding tourism experience without the support and engagement of the local community. Our holistic approach includes engaging in constructive and sustainable dialogue with residents and creating sustainable economic value that produces comprehensive benefits for Ketchikan.

Cruise port operations are a crucial part of the economic value chain in Ketchikan. As such, a close relationship with its partners is crucial to reach the common objectives of all stakeholders and get a sustainable development of the cruise industry.

In this regard, we intend to collaborate with local suppliers to deliver excellent service to our customers. With a customer-oriented approach, we will work with other service providers to offer seamless operations, efficient flows, a high level of security and all that is required to provide a smooth operation to the cruise lines and passengers.

We acknowledge the importance of aligning objectives with primary stakeholders, including but not limited to City, subcontractors, tourist guides and shore excursion companies in order to generate revenues for everyone and comprehensively add value to Ketchikan. As a standard practice in all GPH ports, we will create a working group including members from all local stakeholders. Dialogue, teamwork and coordination among all stakeholders will help to align objectives and provide benefits for Ketchikan.

In this context, GPH can provide many examples of successful partnerships with local operating communities. One notable example is Nassau Cruise Port where GPH has been selected as the preferred bidder to develop and operate the port after a competitive tender process. In collaboration with the local community, GPH created the Bahamas Investment Fund and the YES Foundation, whereby Bahamians can invest in the Fund and GPH shall provide loans and grants to local entrepreneurs on the latter. In turn allowing participants to benefit from the successful management of the port. The project will include the following local components in Ketchikan:

- Involvement of YES (Youth, Education and Sports) Foundation as a shareholder;
- Microloans to small business owners/entrepreneurs;
- Clean transportation solutions in the downtown area;
- Skill development program in co-operation with local agencies, and;
- Support of local artisans and farmers.

Other examples demonstrating GPH's involvement of industry stakeholders:

- Artisan stalls in Valletta Cruise Port where locals can set up their stalls during festive weekends to sell their own merchandise;

- Partnership with local ferry operators to provide a connection from the port to tourist attractions for the ferry passengers in Zadar, Croatia;
- Regular meetings with industry players to improve services within the port in Antalya.

Ketchikan residents will not only benefit from the economic benefits of the developing tourism sector, but they can also support the direction of the City's cruise developments with their ideas through GPH's approach. In this regard, we recognize that the Project cannot be successfully delivered without the support and engagement of the community, local vendors and the City.

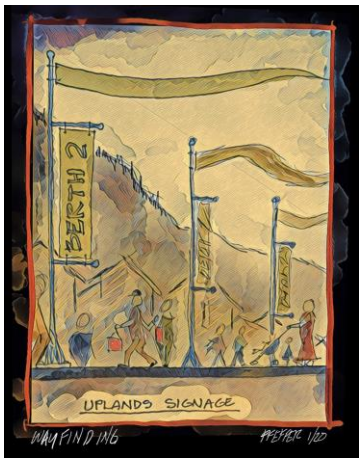
- Community: Our relationship with the community will be a primary point of emphasis. Relations and activity will ensure the current character of Ketchikan is nurtured, enhanced and protected while maintaining continuous access to the waterfront while coordinating access to public spaces and the downtown centre. We are highly committed to meet with the community and the stakeholders to present why we are the best candidate for Ketchikan Cruise Port.
- Local Vendors: Support and promotion of local vendors will take place through marketing channels. In addition, we intend to cooperate with local vendors in business enhancements and establish small business support initiative to increase service and product quality.
- City: We see ourselves as the tenant, and the City and residents as the owner of the Ketchikan Cruise Port, hence we will work closely with local authority officials to support growth in economic benefits for residents and stakeholders. Our approach will include engaging in a constructive dialogue with City officials and City council to ensure open lines of communication and collaboration throughout the concession period GPH strongly believes that in order to provide the best possible experience to cruise guests, it is critical to interact with them to understand and act upon passenger needs. To build on this in addition to providing effective education and information about Ketchikan's rich history, GPH proposes an expansion of the existing Guest Information Centres operated by the Visit Ketchikan organization for this purpose. The purpose of this component is to provide guests with information and history about the destination, provide directions and assistance, gather feedback and promote local vendors and shoreside businesses. These centres could also provide opportunities for additional revenue such as the provision of transfers.

We are committed to providing the best occupational health and safety and environment standards in the port area, while delivering a high-quality experience to both residents and cruise passengers. Further, we commit to transform the waterfront area by creating a more vibrant environment for residents with community events such as concerts, fairs and festivals.

1.4. Transportation Approach

In the revised RFP document, the City incorporated its desire to include the operations of Berth IV along with the Berth I, II and III under a Concession Type Approach. However, it is stated that no improvements are envisioned in the area adjacent to Berth IV. Hence, our main focus for the ground transportation area will be given to the other berths and Water Street/Front Street in order to minimize the congestion impact on the City's infrastructure and residents. The preliminary design of the ground transportation area will be prepared to preserve the connection of the berths with the downtown area to sustain the passenger's flow into the retail core. Although the expansion of Berth I depends on market demand, we have prepared the ground transportation area design to sustain the forecasted passenger flow considering the potential expansion of Berth I. Led by CS, the Design-Build Team with Welsh Whiteley Architects will retain a transportation engineer during the programming, design development and the final design of the ground transportation area.

Our goal is to ensure that our final design provide the upmost of flexibility and viable options for passenger movements during embarkation/disembarkation. Consideration will be given to alternative multi-modal transportation solutions.



The design team's multi-modal transportation concept ideas include necessary pedestrian enhancements. We envision an abundance of walking paths parallel with the waterfront connecting the four main cruise ship berth areas as well as perpendicular paths leading into Ketchikan's downtown retail core and street/sidewalk system. These paths will be delineated by materials contrasting with the adjacent vehicle drives and delineated by bollards to keep pedestrians physically separated from vehicles. It is also important to direct the passenger flows to the connection streets that radiate laterally from Berths I, II and III.

We have been developed a call-up system in other destinations for tour buses and taxis to prevent congestion within the port. In the proposed plan, off-site locations are being used as a hub. Buses and taxis are being called up to the port as needed by a transit dispatch system. The system shall be assessed further together with the City and traffic consultants.

We will work with the City to explore alternative multi-modal transportation solutions for the project construction interim. Under the given conditions, pedestrian ways likely would be the most efficient solutions to reduce reliance on cars while decreasing exhaust gas emissions. In addition to sustainable solutions, small electrical cars will be deployed for elderly people.

1.5. Role of Facility within the City Waterfront

Ketchikan's economy has transitioned from one with a heavy emphasis on extraction and development of natural resources to a tourism economy that boasts rich culture and a unique environment. As the marquee port for visitors to Alaska, Ketchikan is an extremely popular cruise destination due to its proximity to main homeports and beauty. However, continued economic growth will be challenged given the growth in Alaska's cruise

tourism, despite substantial investment by the community and current marine structure coupled with overwhelming uplands facilities.

As the economy has transitioned, the City has played a major role in planning and supporting the economic development. Albeit in the background, CS's CEO Mark Pfeffer has been a part of this transition too. Mark oversaw the structuring of the port improvement's loan to the city and the issuance of the Bonds to fund the Loan Agreement while serving as Chairman of the Alaska Municipal Bond Bank Authority.

Though the Cruise Berths are at the heart of critical infrastructure of Ketchikan, during the non-tourism peak season, Ketchikan is home to a vibrant community. We commit to carefully manage the planning and development of the infrastructure for the ideal balance between community and economic impacts. We are committed to working out a sustainable balance through the process we have outlined in Section 4.1.

1.6. Future Growth to Secure and Maintain the Optimal Market Position

With the advent of new port options and other major infrastructure improvements in other ports along with the growth in tourism industry in Alaska, Ketchikan needs to keep up with this development by making the necessary investments to strengthen its importance as one of the marquee cruise port in the Alaska.

A series of marketing initiatives will be undertaken immediately. These will be based not only on the knowledge of the industry and positive relationship with all cruise lines but will also include conversation with local stakeholders. We are a strong believer in the benefit that cruise traffic should bring benefits to the local community. We will work on the promotion of Ketchikan within the cruise industry and the development of the destination with the City. Moreover, the service and product offering at Ketchikan Cruise Port will constantly be enhanced by the results of periodic surveys, interviews, and feedback studies done with passengers, cruise lines, agents, and other cruise stakeholders.

Ketchikan Cruise Port will be promoted in all activities and material of GPH and CS. That marketing strategy will focus on cruise line activities, cruise passengers and the wider tourism market. To support promotional efforts, Ketchikan and Alaska will be promoted in the main show for the American travel agents (Cruise 360) and digital platforms. Ketchikan Port Solutions' close relationship with MSC Cruises will promote the development of the Alaska Cruise Market. MSC will contribute to increase traffic in the Alaska market by integrating it as a stopover while deploying its latest and biggest ships to the U.S. market. GPH has the ability to market its portfolio directly to cruise passengers through its subsidiary Dreamlines, the world's largest cruise portal which will also be beneficial in leveraging Ketchikan as a destination among cruise passengers.

Ketchikan Cruise Port will also be included in "Global Run" events. This, race is organized by Global Ports Holding annually at GPH ports. This is an important marketing campaign which attracts thousands of people every year; it is also an important social responsibility project, with the hope of bringing the world one step closer to peace and understanding. People from many different countries and cultures join the event.

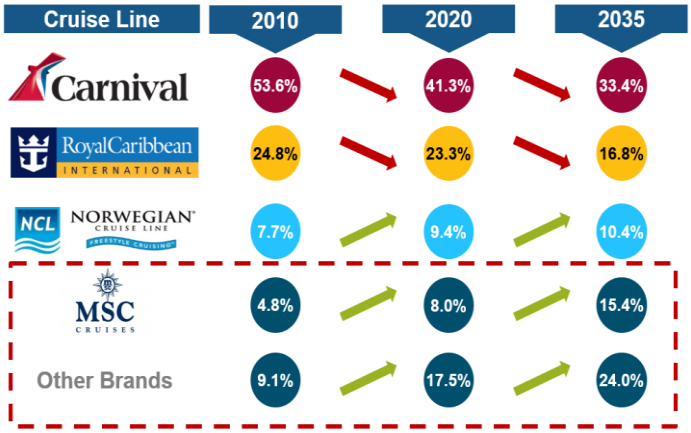
It is important to highlight that a coordinated and collaborative approach with cruise lines is highly crucial in all destinations. Our approach includes open and transparent relationships with cruise lines. We propose to organize cruise network forums with the participation of cruise lines or representatives, whereby all potential issues and challenges are addressed. GPH has successfully adopted such approaches in other destinations. For instance, Malta Cruise Network Forum, initiated by GPH, was a pioneer in the Mediterranean region, which had significant contributions to local cruise tourism by introducing homeport operations for TUI and P&O cruise lines in Valletta.

Cruise itineraries are typically planned 18-20 months in advance. It is an important step for cruise lines to contact the port operator for the confirmation of berths during the itinerary planning phase. It is essential for the port operator to have a clear, efficient and transparent policy regarding rules of assignment of berths and confirmation of the calls.

Under our development plan, an Open Access Policy has a unique emphasis to drive revenues and passenger growth while maintaining fair and equitable treatment for accessing the Ketchikan Cruise Port.

As an independent operator, GPH maintains a very good relationship with all cruise lines and is viewed as a partner in all ports that we manage. Currently, more than 70 cruise lines call at GPH ports. All facilities operated by GPH are public terminals, which mean that all cruise line operators are treated equitably and fairly.

We understand the possible Preferential Berthing Approach which could be developed between Ketchikan and major cruise line corporations. However, we believe that open access regimes and independent operations are currently more critical to allow for new entrants to access the port to keep up with the growing trend in the market. Market share of the cruise lines are calculated according to Orderbook to illustrate the diversifying environment in the industry. Hence, an open access regime will ensure the penetration of all cruise lines while contributing to the economic development of Ketchikan.



Source: GPH Ops Research

Open Access Policy will be based on the following principles in Ketchikan:

- Honour the existing lease arrangements in Berth IV until the termination date of the contract;
- Transparent and public berthing policy with clear call request and confirmation deadlines with priority criteria agreed with the City in line with Ketchikan's requirements and the industry's needs;
- Allocate as many ships as possible to maximize cruise tourism benefits for the port and Ketchikan.

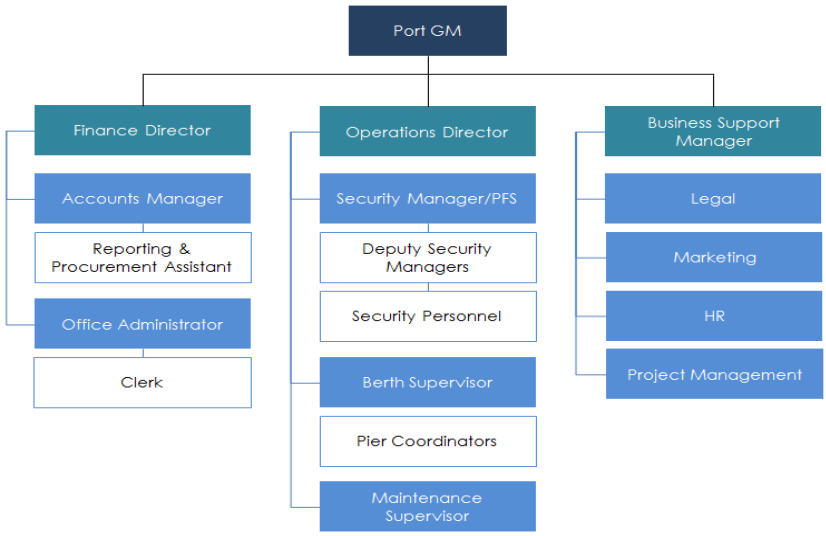
The berthing policy will define the rules and deadlines of:

- Collection of call requests from cruise lines;
- Confirmation of berth availability to cruise lines, and;
- Allocation of berth to the ships in a designated day.

2. Team Members and Qualifications

2.1. Operations Team, Roles and Responsibilities

The following organizational chart demonstrates the anticipated project structure. This may change in accordance with local conditions and after an evaluation of skill sets for the positions is performed.



We intend to create a world class team prioritizing a local workforce. As such we cannot list individuals until we are permitted to interface with city employees and other locals. The following are the key local positions regarding port operations:

- **Port General Manager –** Overall responsibility includes effective operations, management, government and community relations. This position would have ultimate responsibility for meeting financial and growth objectives and will be an important component in ensuring full engagement with the City and community. This position will be fully supported by our international team. Local knowledge will be a primary requirement.
- **Finance Director –** Responsibility includes managing the financial actions of the port, including tacking cash flow (including cash flow for Marine works, Improvements to the port uplands, cathodic protection and committed amounts for the funds of City's upland off-site Improvements), interfacing with lenders, financial planning and control, and proposing corrective actions.
- **Operations Director –** This role is responsible for the handling of all planning, berthing activities, transportation management and ancillary operations within the concession area during ship days. This position will also ensure that all functions within the concession area fully comply with all local regulations as well as company directives. This will include the supervision of any service providers working at the port on a subcontract basis to include tenants and others. Of emphasis this role will ensure health, safety and security protocols are maintained and performed in line with regulations and procedures.
- **Business Support Manager –** Responsibilities include covering all support functions with the objective of strengthening centralized functions, such as human resources, marketing, legal and Health, Safety and Environment (HSE). During the

construction period, the Project Manager will be employed under the Business Support Manager.

Ketchikan Port Solutions, LLC has a proven track record in the management of cruise ports throughout the world and is ready to implement an effective management structure to ensure successful operations are carried out at the Ketchikan Cruise Port.

2.2. Establishing the Operations Team

The following section details our approach to assembling an operations team. The creation of the Ketchikan team will be a vital first step in the hand-over process. We recognize the vital necessity of local knowledge and experience and therefore, we will prioritize onboarding of the following two groups:

i. Employees currently working for the City in cruise port operations, administration and management: We commit to offering employment to all these employees provided that they are willing to transfer. This group will be the priority.
ii. If other positions need to be filled, our intent and preference is to hire Ketchikan residents where possible.

We do not envision using any foreign employees other than for training and initial start-up. After an analysis of the skills and experience of the two groups listed above, a training and 'knowledge' transfer program will be put in place to ensure compliance with GPH operating methodology to ensure best practices. We will seek to confirm that sufficient resources are dedicated to this effort which may require temporary assignment of staff from our other ports to conduct this training on a short-term basis. Emphasis will be given to safety, environmental standards and operational performance.

2.3. Responsibilities Between the Team Members

Ketchikan Port Solutions, LLC | Proponent

Ketchikan Port Solutions, LLC has been established as an Alaska LLC, Special Purpose Vehicle, to allow Global Ports Holdings and Conrac Solutions to jointly apply our areas of expertise under a clearly defined business structure, to provide the City of Ketchikan a clear single point of contact and to create a single financially responsible party. In the LLC, each firm will hold a 50% interest, and each will contribute 50% of the required equity.

Since the company is a newly formed entity, both CS and GPH will provide financial assurances as needed as the phases of the process proceed. Ultimately the company will be capitalized, to the satisfaction of the City, and at levels appropriate for the scope of the concession agreement terms (to be determined) and currently as anticipated for the financial proposal submitted herein.

During the RFP Process, Amy Slinker (of Pfeffer Development/CS), and Colin Murphy shall serve as Co-Managers, their respective roles and resumes are detailed in Appendix D. During the Project Delivery Phase - Specific design and engineering managers shall be assigned from our member companies. During the long-term Operations Phase – A specific on-site operations team will be staffed as detailed herein.

Global Ports Holding Plc | Port Operator – Partner – Equity Sponsor

Established in 2004, GPH is an international port operator and has compiled a diversified portfolio of cruise and commercial ports. As an independent cruise port operator, the

group holds a unique position in the cruise port landscape, establishing itself as the world's leading cruise port brand.

Today, GPH is the world's largest cruise port operator, with a network of eighteen (18) dedicated cruise ports and two (2) commercial ports in twelve (12) countries. With an established presence in the Asia, Africa, Caribbean and Europe regions, including extensive commercial port operations in Turkey and Montenegro, GPH ports provide world-class services to cruise ships, ferries, yachts, and mega-yachts.

Highlights:

- World's largest cruise port operator with 18 cruise ports in 12 countries;
- Leading cruise port brand serving cruise lines, ferries & mega yachts;
- Uniquely qualified with "Best in Class" management, systems and security protocols;
- Serving to over 12 million passengers and 5,600 calls in 2019
- Headquartered in London, listed in London Stock Exchange.

GPH's mission in Cruise Port Operations:

- **Best Operating Model:** Create the best operating model for ports and continuously improve this by learning from each other
- **Best Partner/Service Provider:** Be the best partner to cruise lines, firms, B2B partners, governments, local communities and other stakeholders;
- **Best Customer Experience:** Provide the best customer experience, both in port and on land
- **Best Expansion Capabilities:** Achieve the best Merger and Acquisition and induction capability in sector, and the best value creation program for the public

The scale of GPH's operations, allows GPH to develop and integrate best practices throughout its network and ensure operational excellence. With a strong focus on continuous improvement, enhanced security practices, and customer-oriented services, GPH aims to contribute to the development of the cruise industry in Ketchikan. GPH ports are operated by regional teams and Ketchikan will be operated by the regional director of Americas.

Conrac Solutions | Equity Sponsor – Partner

The CS family of companies specializes in the development, construction, financing, and operation of shared tenant public infrastructure facilities. Completed projects include consolidated rent-a-car (ConRAC) facilities at Ted Stevens Anchorage Intl. Airport (Anchorage, AK), Austin-Bergstrom International Airport, and Bismarck Airport with projects on contract at Newark Liberty International Airport and Bradley International Airport (Hartford, CT).

CS' expertise in design, building, finance, operations and maintenance makes CS an ideal local partner. CS' leadership experience in the Alaska infrastructure industry, business climate and with project-specific stakeholders, makes CS a natural fit for selection as an Alaskan Partner.

Collectively, CS provides long-term operational stability and regularly works on long-term economic planning, regulatory framework planning, and P3 government transportation

infrastructure. This business model aims to provide optimal service, enabling cost- savings and comprehensive operational success to long-term benefit of all project participants.

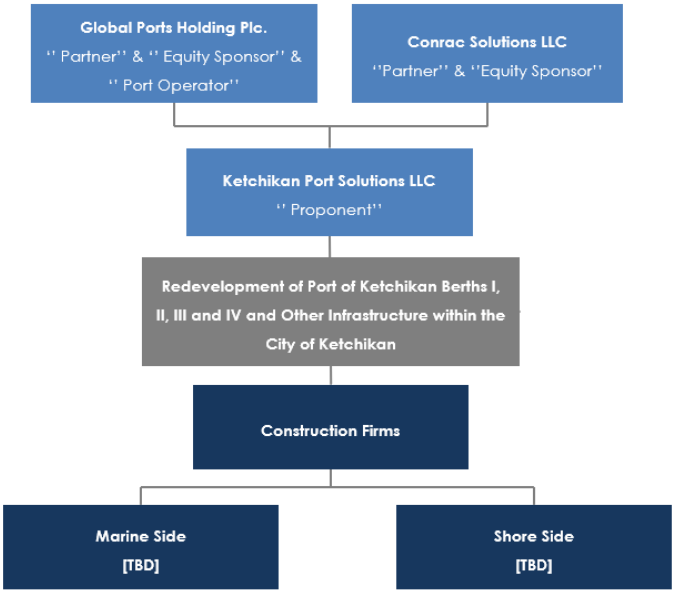
In just over a decade, the CS team has expanded to a presence in more than 11 states and is the operator of ConRACs at 14 airports nationwide. CEO, Mark Pfeffer led the team that delivered the first privately developed transportation infrastructure project at the Ted Stevens Anchorage International Airport in 2007. CS' operational KPIs are:

Square Feet Managed	10.9m
Square Feet Delivered	6.3m
Project Delivery Budgets Total	US$1.1bn
Vendors Managed	269
Annual Operations Budgets Managed	US$25m
Sites of Operations	14 Airports, 11 States

CS Capital was recently selected for the prestigious "P3 Deal of the Year for the Americas" award by London-based Project Finance International.

Allocation of Responsibilities

Below please refer to the Organization Chart:



GPH will provide leadership on all subject matter related to the marine aspects of the project, including improvement and construction at the docks, the cathodic system and physical connections to the shore.

GPH along with CS and Welsh Whitely Architects will help to define that the shore side program has the appropriate balance of facilities and transportation improvements for the immediate areas adjacent to the berths. CS will provide leadership and manage the project delivery team, including Architects (Welsh Whitely), the general contractor and other key vendors for implementation of the land side improvements, including ground transportation infrastructure and as needed, other transportation-related issues from the

port into the community. Please refer to Appendix D for the resumes and relevant experience of key individuals.

2.4. Development of Proactive Environmentally Sustainable Practices

GPH prides itself in promoting environmental responsibility throughout its network. GPH closely monitors issues in the industry and has solutions under development around the world. As such, GPH is focused on identifying and adopting best practices in this area.

Two GPH ports, Ege Port Kusadasi and Bodrum have been awarded Green Port Certification in recognition of their "environmental and corporate responsibility credentials." GPH is now moving towards achieving the same recognition for all its ports.

Steps to become a certified Greenport:

- Waste Reception Facility – dewatering of oily liquid wastes such as sludge and bilge water received from cruise vessels to be used in garden irrigation;
- Energy Efficiency – usage of LED technology in all illumination systems;
- Renewable energy – energy generation through solar panels;
- Solid Waste Management – segregation of ship-based solid wastes for recycling.

Moreover, all our ports are working in cooperation with their communities to minimize the emission of exhaust gases generated by parked tour buses to reduce emissions as much as possible for sustainable port operations.

We are fully committed to delivering the best environmental standards at the Ketchikan Cruise Port. In this regard, we will adapt our corporate environmental impact plan to conform to local regulations and community goals.

A key responsibility of the Ketchikan Port Solutions, LLC will be to work in conjunction with the local authorities to protect the marine environment by ensuring ship waste and water disposal takes place in accordance with regulations. Relevant training will be conducted to equip employees with the necessary knowledge and competency to ensure compliance with environmental policies and procedures.

3. Operating and Development Experience

GPH expects to generate approximately 15 million in passenger volume in 2020. GPH has formed a highly experienced in-house technical team that is involved in the operation, design and construction phases of its projects. This team provides support to its 18 ports and is also very involved in the evaluation of new opportunities. For GPH, the key to the success of future operations is to be involved during the conceptual and technical design phases in order to be more efficient during the operational period. This way GPH minimizes the gap between "design-construction-operation".

The following table presents passenger numbers and key concession details of GPH ports:

GPH Ports	Concession Term	# of passengers at 2019
Nassau	28 years	3,700,000
Barcelona	30 years	1,981,863
Venice	27 years	1,630,632

Singapore	25 years	1,437,581
Antigua	30 years	901,200
Valletta	64 years	830,520
Lisbon	35 years	590,656
Malaga	30 years	483,724
Cagliari	15 years	292,958
Kuşadası	30 years	251,229
Catania	15 years	206,243
Bodrum	60 years	112,638
Zadar	20 years	36,250
Port of Adria	30 years	26,280
Tunisia	50 years	20,000
Ravenna	11 years	14,368
Port Akdeniz	30 years	12,800
Total PAX		**12,528,942**

Barcelona Cruise Port

GPH acquired Creuers Terminals at Barcelona Port in 2014, operating 5 cruise terminals adapted to accommodate the largest ships in the world. Barcelona Port has been recently recognized as the "Best Turnaround Port Operations", "Most Efficient Operator", "Most Improved Port Facilities" and "Most Responsive Port" award. GPH increased the turnaround passenger base by 12% percent in 2015 and 2016. Port of Barcelona repositioned itself as the number 1 homeport position in the Mediterranean in 2016.

Barcelona Cruise Port operates under a 30-year concession agreement awarded by the Barcelona Port Authority. Terminals provide services to 6 berths with a total berthing line length of 7,700 ft. There are no length or width restrictions on vessel size.

Highly-trained personnel, maximum security in all operating procedures of vessels, as well as collaboration between the authorities and security forces, help to ensure the port's safety and reliability under the ISPS Code and EU regulations.

The key challenge to embarking and disembarking mega cruise vessels (up 5.400 pax) is to efficiently manage passenger traffic in a tight time frame. Barcelona Cruise Port ensures that the terminal capacity in all its steps of operation has been designed to absorb passenger peaks comfortably.

It is important for GPH to prevent any faults or breakdowns during operations with regular checks or tests. If anything fails, it is GPH's best practice to respond quickly to rectify the situation and restore operations. GPH has set a protocol of a "Maintenance Program". This Program includes routine, preventive and corrective maintenance, checks by qualified in-house experts, in order to ensure equipment functionality and minimal repair costs.

GPH carries out service-level agreements with third parties in order to attain excellent service quality and achieve established KPIs. The use of service level agreements allows us to monitor service and staff performance of third-parties such as electrical utility provider and cleaning services. All the construction, improvements, acquisition of equipment, repair and maintenance works have been financed by the company's own financial sources. In our berths, a group of ancillary services is provided to the cruise lines

under our supervision, allowing GPH to assist with coordinating entries and exits of the trucks that provide services of water, goods and waste management, while the comfort of the passengers is not been affected.

As part of the development program, GPH refurbished the terminal with a total investment of over $11 million. It was designed to operate home-port calls of mega cruise ships (Oasis, Allure, Harmony and Symphony of the Seas) up to 225,000 GRT and 5,400 passengers. It offers the latest requirements concerning security, comfort and fast processing, and its architectural appeal was greatly enhanced. It is equipped with 2 mobile gangways to avoid passenger congestion. Terminals had been improved to provide boutique services to the luxury cruises. Barcelona Cruise Port provides full terminal and auxiliary services to port-of-call and homeport passengers & cruise lines.

Details of the Development Program:

Main respondent & Key Members of Terminal Development Team

- Main Respondent: Creuers (GPH subsidiary) in the capacity of Port Operator & Developer
- Regulatory Enterprises: Barcelona Port Authority

Timeframe

- Concept Design: 3 months
- Detailed Design: 6 months
- Environmental License: 6 - 9 months (carried out by Port Authority)
- Construction Works: 12 months

Key Highlights of Development

- The terminal was designed to accommodate the growing needs of cruise industry.
- Involvement of stakeholders during the design & planning stage to avoid delays.
- Construction planned to continue port operations during the construction period.
- Collaboration with local government on design and permitting.
- Conducted a study on different flows of passengers, vehicles, luggage, services, and interference with other activities of port to minimize impacts on operations.

Risks of the Development

- Private cruise line operated terminals that limit growth potential.
- Comply with the traffic commitment requirement in the concession agreement.
- Full financial risk assumed by GPH.

Valletta Cruise Port

Valletta Cruise Port was privatized in 2002 under a concession agreement with the term of 64 years. Following an ambitious refurbishment covering the waterfront and cruise facilities, the Valletta Cruise Port became one of the marquee ports in the Mediterranean, generating a high economic impact on the local economy. Since its acquisition in 2016, GPH has proven its ability to increase homeport activities, as evidenced by an increase in total passenger traffic by securing a second homeport operation in 2017.

Singapore Cruise Port – SATS Creuers

As part of the acquisition of Creuers del Port de Barcelona in 2014, GPH holds stake in SATS Creuers. SATS Creuers is continually enhancing the port to provide passengers with greater comfort and efficient, value-added services. In this regard, operational KPI was designed to establish high standards of passenger experience in Singapore. In the application of KPIs, minimum service standard is set at 80/100. Terminal operators are required to submit an action plan for every quarter that the minimum standards are not met. Failure to meet minimum standards for 3 consecutive quarters reflect consistent poor performance. Hence, stronger actions, which cancellation of operation license, might be imposed in the event of consistent poor performance by regulator.

Operational KPI evolution as follows:

Dates	2017	2018	2019
Disembarkation Target: 90% of passengers to be cleared within 30mins			
Whole of Journey	0:51:55	0:31:45	0:28:32
Embarkation Target: 90% of passengers to be cleared within 40mins			
Whole of Journey	0:44:50	0:46:34	0:42:04
SATS Creuers established high standards considering minimum requirements			
Overall Satisfaction	96	99	99

Lisbon Cruise Port

The existing cruise facilities did not have the capacity to accommodate the new generation of ships or to operate big turnaround operations before 2014. Therefore, the cruise port was privatized in 2014 under a concession agreement with a term of 35-years. A $14.7 million loan with 15-year maturity including a debt to equity ratio of 65:35 was obtained in 2016 for the construction of a new terminal building at Lisbon Cruise Port as part of the commitment.

Following the completion of the terminal building construction, operational focuses were directed toward a high level of coordination with all involved stakeholders in order to guarantee the best experience of passengers on their visit to Lisbon. As a partner of the cruise industry and in full alignment with the local authorities and stakeholders, our goal was to excel in our duties as a port operator.

Lisbon Cruise Port provides all cruise-related services exclusively in the concession area and the pier, except for water supplying, energy supplying, fuel and mooring. Additionally, Lisbon Cruise Port also provides other ad-hoc services to ships and passengers, such as the supply of provisions, hiring of heavy machinery for specialized services, cranes, forklifts, cherry pickers, and other on-request needs that allow the vessels to fulfil their regular maintenance requirements in the dock.

Though the pier infrastructure and dredging requirements are not included in the concession agreement, the operator is responsible for management and control of all the entry points to segregated areas. This includes implementation of all security measures required to operate in a safe and secure environment, guaranteeing full compliance of the ISPS regulation and other local regulations.

The security protocol in place implements 100% security screening for all passengers and crew, including vehicle searches in pier operations. Understanding that this kind of process takes time, we have developed special training requirements for our security officers to enhance the flow of passengers, preventing delays in security processing. We are now able to process approximately 4,200 passengers per hour and up to 20 trucks of supplies in the pier operations area. Our berthing policy is first reserved first served and the allocation of the berth is decided by the operator with the involvement of the P.A.

Due to traffic increases in recent years, the Port Authority also authorizes, upon availability, the usage of another 2,950 feet of the pier which is outside of the concession area. Together with the additional area, Lisbon Cruise Port serves up to 8 ships and 16,000 passengers simultaneously.

On the land side of the operations, we also manage the traffic needs of tourist buses, taxis and any other transportation that requires access to the port. The area of passenger pickup and drop off is segregated and controlled by our operations teams with the support of local authorities. This alignment between responsibilities allows us to promote and educate all involved personal, companies and partners to ensure a smooth operation where we immediately tackle all issues that arise during peak times of disembarking and embarking passengers. We work closely with the local government to promote and implement alternative means of transportation and to correct any difficulties or congestion in our area.

Opened in November 2017, the iconic state-of-the-art terminal was designed by renowned Portuguese architect, João Luís Carrilho da Graça. A key consideration of its design was sustainability and ensuring the smooth onward flow of tourists on their visit to the city with 140,000 square feet of terminal area, that has open areas for residents.

Details of Terminal Development

The initial project was delivered by the Port Authority as an integrated part of the concession agreement. During the construction stage, the operator promoted alternative solutions to enhance the operational capability of the Terminal and optimization of the available space. Additionally, we were able to redesign some of the halls to allow flexible and adaptive operation for different operational requirements, keeping an open door to the future development of the industry while being able to use the facilities for other purposes like city events when not in use.

In all the construction stages, the Port Authority was closely involved. Not just to supervise, but also to provide assistance whenever the solutions predicted in the initial project were unable to be executed allowing for respective due diligence to reach a solution in a timely manner with the operator.

Main respondent & Key Members of Terminal Development Team

- Main Respondent: Lisbon Cruise Port Ltd.

- Regulatory Authority: Port Authority of Lisbon

Timeframe

- Design Work: 5 months
- Environmental License: carried out by Port Authority
- Construction Work: 24 months

Risks of the Development

- Traffic commitment has taken in the concession.
- Total investment on the operator side despite the actual and future traffic.
- The full risk assumed on eventual change of legislation.
- Responsible for all works of maintenance and repair of the building, pavement of the quay, infrastructure networks, water, electricity telecommunications networks, and the maintenance and repair of the quay equipment, in particular the fenders, mooring bollards and ladders due to its usage.

Kuşadası Cruise Port

Kuşadası Cruise Port ("Ege Port") was GPH's first port acquisition in July 2003. The port, located in the town of Kuşadası on Turkey's Aegean coast, is the busiest cruise port in Turkey in terms of vessels received and passenger arrivals. Kuşadası Cruise Port generates its revenues from port operations, principally landing fees based on the number of ship passengers, revenues from port services, including pilotage, tugboat, berthing, line-handling, security and waste removal and from duty-free shopping and parking revenues. It also receives rental revenue from Scala Nuova Village, a shopping mall constructed in 2005 (and renovated in 2017) at the port, which features a gross leasable area of 50,000 square feet. Ege Port entered into the Transfer of Operational Rights Agreement (TOORA) for Kuşadası Cruise Port on July 2, 2003 with the Privatization Administration (PA) and the Turkish Maritime Organization (TMO). The agreement allowed Ege Port to operate Kuşadası Cruise Port for a term of 30 years in consideration for a payment by Ege Port of $24.3 million.

Ege Port's operation rights extend to port facilities which were either owned by the state or used by the TMO for operating the port, as well as the duty-free stores leased by the TMO. Ege Port was fully entitled to construct and operate new shore structures, a new passenger terminal, a ground handling area (parking and apron) and new stores in the port area with the written consent of the TMO, in accordance with the zoning and construction legislation. Under the TOORA, Ege Port is entitled to determine the tariffs for port services in its discretion. At the expiration of the TOORA, the port facility and all related assets, including assets added by Ege Port, shall be returned to the PA, without consideration and free of any encumbrance or liability.

According to the Turkish Maritime Legislation, the issuance of ship berthing schedules and berth assignments are under the authority of the Harbor Mastership (HM). However, in practice, all of ship berthing schedules and berth assignments are planned and implemented by Ege Port on behalf of the HM without any preferential berthing rights.

Ege Port is entirely responsible for organizing the vessel traffic. In this respect, the Port's own "Pilotage & Tugging Department" is serving with 2 Pilots, 2 tug boats, 1 Pilot Boat and 1 Mooring Boat for 24/7. As Ege Port is in charge of berth allocation, both operations are coordinated efficiently directly by Ege Port.

All maintenance responsibility within the Port premises belongs to Ege Port (including dredging of berths). However, maintenance of approach channels and navigational conditions and equipment out of Port premises are under the responsibility of the government.

Examples of long-term maintenance protocols and projects were undertaken:

- 2009: Reinforcement of Pier No 1 (300m) against vertical loads. ($1M)
- 2011: Extension of all piers by new pier sections and breasting dolphins. ($2M)
- 2012: Renewal of all fenders: existing "M" Type fenders are replaced with brand new "Hyber Omege Cell" fenders (95 units). ($1M)
- 2017: Complete renovation of Scala Nuova Village (Ports Shopping Complex). ($2.5M)

Based on unique operating contract terms, Ege Port is exclusively and directly in charge of all kinds of port and ancillary services such as pilotage, tugging, line-handling, ground handling, traffic management, Berthing, security and screening, waste reception (both solid & liquid), bunkering, passenger terminal, parking, porter services travel retail (duty-free), retail units, offices, guest services and concierge, etc.

Details of the Development:
Main respondent & Key Members of Terminal Development Team

- Main Respondent: Ege Port (GPH in the capacity of Port Operator),
- Key Participants
    - RCCL (in the capacity of Cruise Line)
    - Regulatory Enterprises: (i) Privatization Administration, (ii) Turkish Maritime Organization, and (iii) Tourism & Business Community

Key Risk Allocation

- The most relevant risk for Ege Port was the commercial/revenue risk as the cruise terminal operates in a competitive environment.
- The Turkish Maritime Organization (Public Authority) was not sharing any of the market risks.
- Entire design and construction risks on Ege Port.

Time frames of the project & Key Members

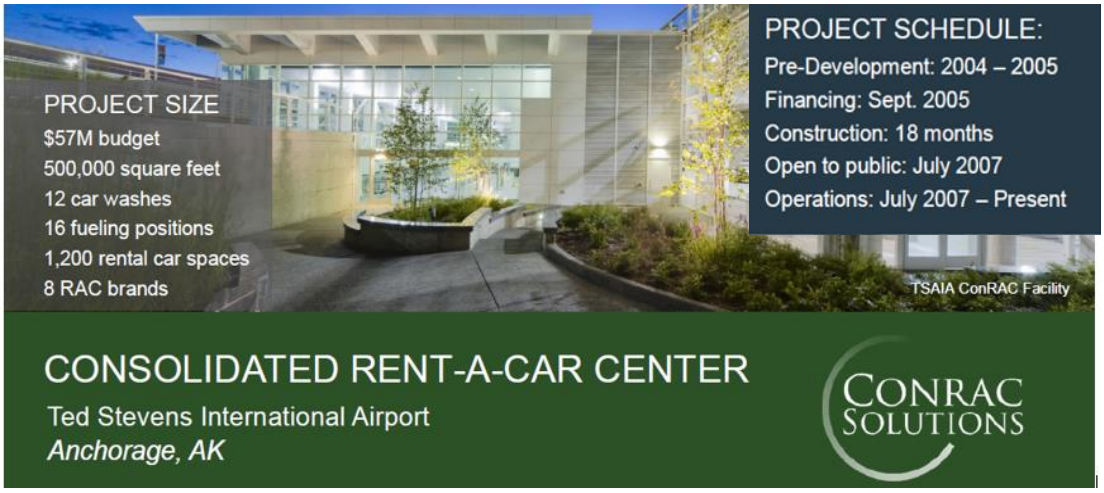
- Design Phase (Ege Port, Turkish Maritime Organization, RCCL as the advisor)
    - Time Frame: 3 Months
- Zoning Phase (Ege Port, Urban Planner)
    - Infrastructures and superstructures in the project were formed in compliance with national plans, hygiene and environmental regulations.
    - Time Frame: 3 Months
- Construction Phase (Ege Port, Building Control Agency, Kusadasi Municipality)
    - Time Frame: 12 Months

Conrac Solutions Development Experience

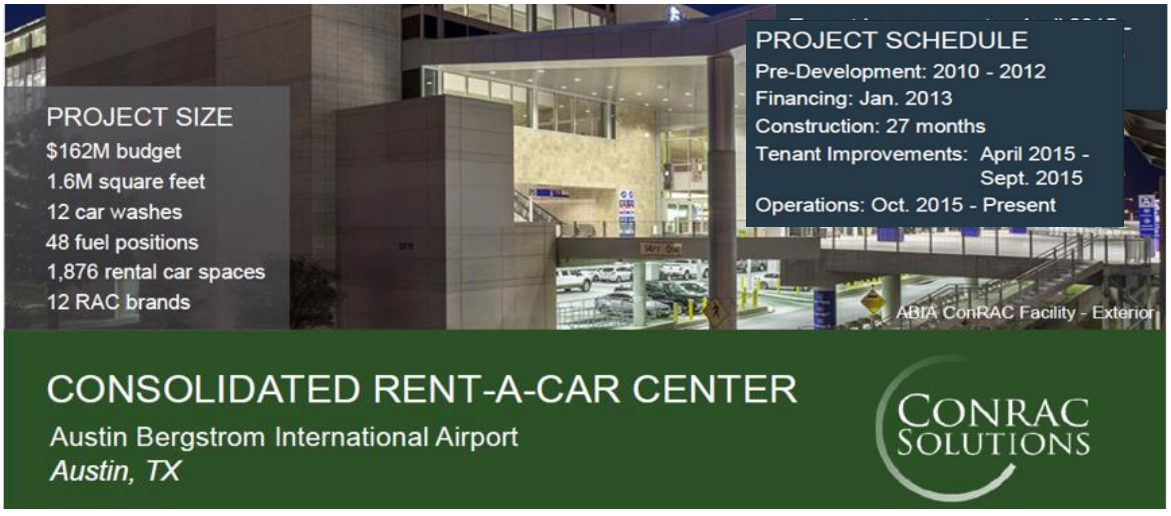
ConRACs are terminals where ground transportation activities meet arriving passengers at airports. They involve customer friendly areas as well as highly industrialized back of house vehicle processing areas. Conrac Solutions is the only company in the United States to privately develop and finance these highly specialized terminal facilities.

The Anchorage ConRAC's finance and operations approach has become a repeat model implemented by CS in multiple markets. Numerous other airports are in the early stages of discussion with CS for design and planning. Identical to GPH, Conrac Solutions integrates the design and construction processes with its operational team's expertise. CS operates more ConRACs than any other company in the U.S., giving it an unprecedented level of experience in operating these terminal facilities. CS operates ConRACs at the airports; Anchorage, Seattle, Portland, San Francisco, San Diego, Austin, Salt Lake City, Chicago O'Hare, Chicago Midway, Bismarck and Lubbock. Upon completion, CS will operate Hartford, Newark and Reno. Key details of highlighted projects are as follows:

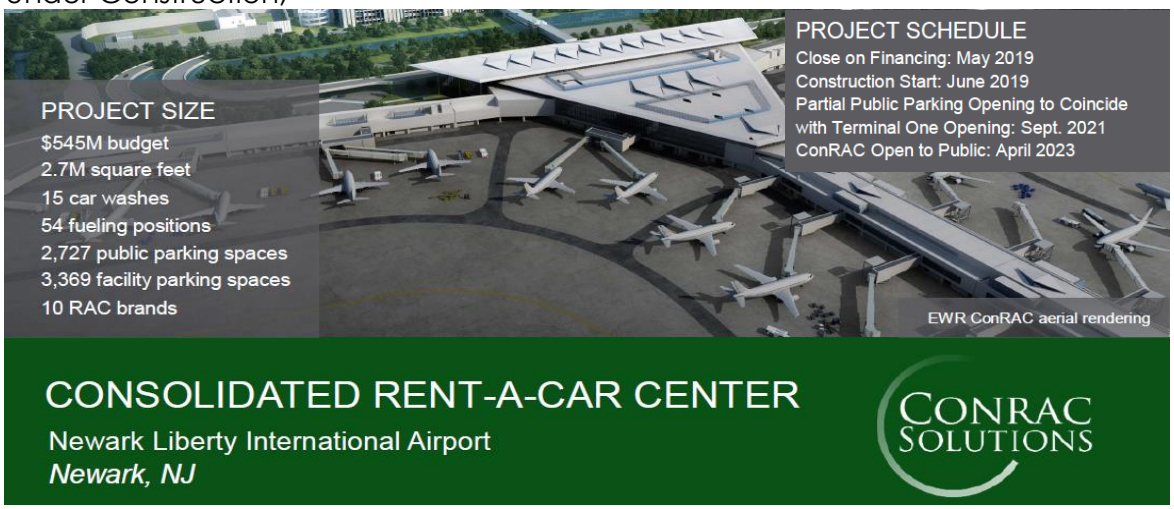
Anchorage ConRAC 2007. First privately developed Consolidated Rent-A-Car facility;



Austin ConRAC 2015. Developed under the Anchorage model of private delivery;



Newark Liberty International Airport. First privately financed ConRAC in the United States. Awarded the 2019 P3 Deal of the Year for the Americas by Project Finance International. Under Construction;



Hartford ConRAC 2019. Currently under construction;

4. The Project

This section focuses on an Execution Plan to be carried out for Berths I, II and III, and other facility improvements in order to provide the resources needed for their correct operation throughout the service period. We commit to fund 100% of the project requirements.

Our proposal includes two phases that will transform the Ketchikan Cruise Port to meet the cruise traffic growth, upgrade and extend current infrastructures, and redevelop the ground transportation area.

Phase I:
- The Marine works related to extension of Berth III
- The Cathodic Protection system improvement of Berth I, II and III
- The Improvements to Current Infrastructure
- The Upland Improvements

The extension includes the construction of a new 250-ton mooring dolphin located west of the current westernmost dolphin and two 100-ton double-bit bollards at the Berth III Concrete Dock. The first phase of the proposed Execution Plan will include the improvement to existing Berths I, II and III, including repair works and upgrades of the cathodic protection system.

The Upland Improvements, including ground transportation areas, restrooms, Guest Information Centers and other promenades, will be carried out during this phase.

Phase II: - The Marine works related to extension of Berth I

The second phase will consist of adding additional berthing capacity to the port to ships up to 1,150 feet LOA. Berth I would consist of a passenger pontoon of 50-feet wide by 450 feet long, with shore access through pedestrian gangways and a vehicle transfer ramp. Please refer to Appendix E for the detailed drawings. Berth I extension work is highly dependent on the realization of the Ward Cove project which will supply an additional 2 berths to Ketchikan. This additional capacity would fulfil the upcoming demand. The City and the Ketchikan Port Solutions, LLC shall mutually agree to the conditionality of berth expansions by which the Ketchikan Port Solutions, LLC shall not be required to expand the respective Berth in case of realization of the Ward Cove Project or insufficient market demand due to financial viability.

3.1. Redevelopment Works

The objective of the City of Ketchikan is to provide sufficient berth space with the appropriate length at the appropriate time to meet the demand, while at the same time managing the industry's growth to acceptable levels for the City and residents.

GPH appreciates that the redevelopment of Ketchikan Cruise Port must address the following issues: evaluate existing conditions, improvements to current infrastructure, cathodic protection requirements, berth extensions and upland improvements.

These benefits outlined herein are achieved in several detailed phases. Each of the phases will result in a large, but sustainable, growth of tourism through local tours, cultural venues and alternative mobility offerings. These activities will bring higher employment, increase total generated revenue, optimize transportation, and promote urban regeneration in the city of Ketchikan.

Objectives of Projects

- Regenerated urban context allowing open access to residents
- Enhanced alternative mobility systems and traffic management
- Positive economic impact
- Improved visitor experience

Public Partner Interface during Design and Construction

CS and the Design-Build team (Welsh Whitely + contractor - TBD) will lead the shore side and ground transportation improvements process. GPH will be a key advisor for the programming requirements. We will employ a three-phase process that helps all interested parties participate in guiding the final solution. This can involve as many stakeholders as needed, but at a minimum would include Ketchikan Port Solutions, LLC, the City (recognizing that this includes varying departments of focus within the City), and any community groups that need to provide input or have interest.

The process will advance toward the final solution by simultaneously considering the following variables:

- Programmatic needs - Base line, better if we have it, wish list
- Budget - Total cost to execute design, construction, soft costs, enabling projects
- Finance - capital sources based on revenue planning and balanced against budget
- Schedule and Phasing – Impacts on operations, budget and plan of finance
- Operations - Operational considerations upon completion

The process would be implemented on a pre-agreed schedule of meetings allowing all parties to participate as options are identified and considered.

Phase 1 **High Level Development Direction**	- Minimize expense to complete this effort - Consider and compare all variables - Eliminate choices as agreed - Set intended direction
Phase 2 **Advance Intended Direction**	- Moderate expense to complete this effort - Develop design and construction scope to 65% complete +/- - Obtain and finalize guaranteed price proposals - Finalize agreements to be signature ready - Finalize schedule and phasing - Finalize and close financing documents
Phase 3 **Project Delivery**	- Full costs expended - Execute plan - Complete activation preparation - Transition to operations

This process is very inclusive and allows all stakeholders to participate and understand the variable drivers that affect the project.

4.1.1. Part I – Marine Works

GPH proposes to carry out Berth III expansion work within Phase 1, in order to accommodate cruise ships up to 1,110 feet. The work includes a new 250-ton mooring dolphin located (as recommended by PND Engineers in 2018) approximately 130 feet west of the current westernmost dolphin and the installation of two 100-ton double-bit bollards at the Berth II Concrete Dock.

After Phase I completion, the Berth I Expansion will accommodate a cruise ship up to approximately 1,150 ft length overall (LOA). GPH's preferred option of this berth is in line with the RFP M&N Solution. However, Berth I expansion will be conditioned by the realization of the Ward Cove Project. If the Ward Cove Project became operational, we will not expand the Berth I due to its financial viability. This is a floating pontoon 50-feet wide by 450-feet long. Shore access will be provided by pedestrian gangways and vehicle transfer ramps. The gangways and ramps will be supported by access platforms adjacent to the existing fixed pier. The existing fixed pier structures will be modified to provide pedestrian and vehicle access to the floating docks, and corrosion protection will be updated on the existing structures. Reaction, breasting and mooring dolphins will be installed to make sure the ships are secure and moor in this berth.

The pontoons and dolphins will be arranged to accommodate a range of vessels, including the ones currently serving Ketchikan, and larger cruise ships (up to 1,150 feet LOA) expected to visit the port in the future. The new structures will feature lighting, safety appurtenances, mooring hardware, capstans, fenders, potable water service, electricity, and other customary appurtenances necessary for operating Berth I. In addition to the new construction, the project will include corrosion protection on the existing Berths I and II structures.

A 6 catwalk will span between the mooring dolphins with no direct connection to the pontoons. Access to dolphins will be provided by a skiff for mooring and maintenance activities. Each breasting dolphin will be connected to either the existing fixed dock or to the new pontoon by wide catwalks. Several mooring bollards will be upgraded.

4.1.2. Part II – Port Upland Improvements

Over the years, Ketchikan's waterfront has been a dynamic and prominent location both for residents and cruise passengers. However, with the increased number of cruise ships, the use of the waterfront by cruise passengers overlaps with resident use. The resulting congestion in the waterfront area creates challenges affecting the quality of the city for both residents and cruise passengers. In this regard, we prepared the preliminary port upland design to make the Ketchikan waterfront as a place of public enjoyment where residents keep their physical public access and enjoy the quality of life in all its aspects – economic, social, and cultural. It is important to note that we view this as just a starting point to kick off a process of engagement with stakeholders as discussed above. We have an awareness of the City's objectives and goals for the port upland and are committed to work with you for the best solution. We stand ready to deploy the required resources; hire a traffic study consultant and conduct any additional due diligence needed, while also focusing on environmental sustainability, passenger traffic mitigation in the waterfront area, multi-modal transportation issues and any other objectives of the City.

Multi-modal Transportation

Cities throughout the world use different approaches to develop multi-modal networks that incorporate traditional forms of mass transit with newer innovations. The goal is to provide integrated services that give citizens and visitors convenient, efficient, affordable ways to travel in cities. Other types of multi-modal transportation solutions will be developed in the port to make the passengers more integrated with the city and increase the time they spend downtown to boost the economic impact on local businesses. In order to increase quality of the destination for elderly cruise guests, we would like to deploy small electrical vehicles in the waterfront area. We would conduct feasibility studies for possible multi-modal transportation solutions to increase the connectivity between the waterfront and city center. In this regard, environmentally friendly solutions will be considered for a sustainable future of Ketchikan.

Ground Transportation Plan

The RFP states that the ground transportation area should be capable of accommodating more than 5,000 passengers per vessel. Hence, our preliminary design is well aligned with M&N's Upland Planning to Support the Expanded Marine Facilities and Larger Cruise Vessels Report to enhance upland port facilities to handle greater passenger numbers, larger ships, ground transportation services and overall quality of the destination experience. In the report, the existing passenger distribution scenario based

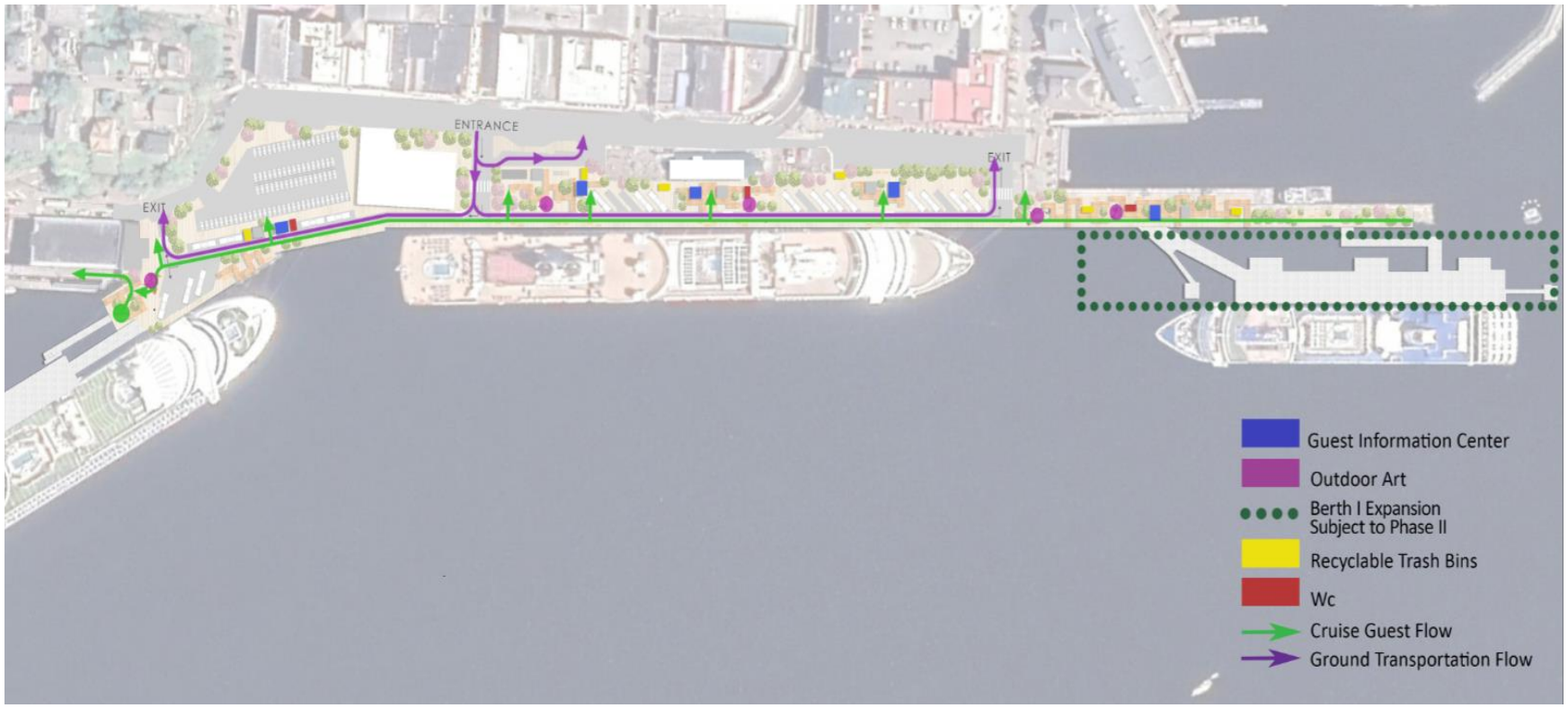
on field data is shared under peak time conditions. We commit to comply with the public rights-of-way recommendations. In all the Berths, we leave zones for the placement of public art within the premises for easy recognition by cruise ship passengers in accordance with the Draft Concession Agreement.

At Berth I, 35% of the passengers use tour buses while the other 40% and 25% of the passengers go through shops and destinations to the west and north, respectively. At Berth II, passenger connection with the coaches and vehicles is quite distributed considering the disembarking point of cruise passengers. 5% of Berth II passengers proceed to the parking lot close to Berth III and the remaining 15% of passengers proceed to the parking lot in front of Berth II. Lastly, 35% of Berth III passengers proceed to the parking lot in front of Berth III. We designed a parking area for coaches considering these ratios under the requirements of the RFP document. The mid-point of the waterfront will be used for the entrance of the vehicles, and there will be two exist points at the end of Berth I and Berth III. Also, the design will include little turning pockets into Front Street to manage the vehicle congestion in the waterfront area.

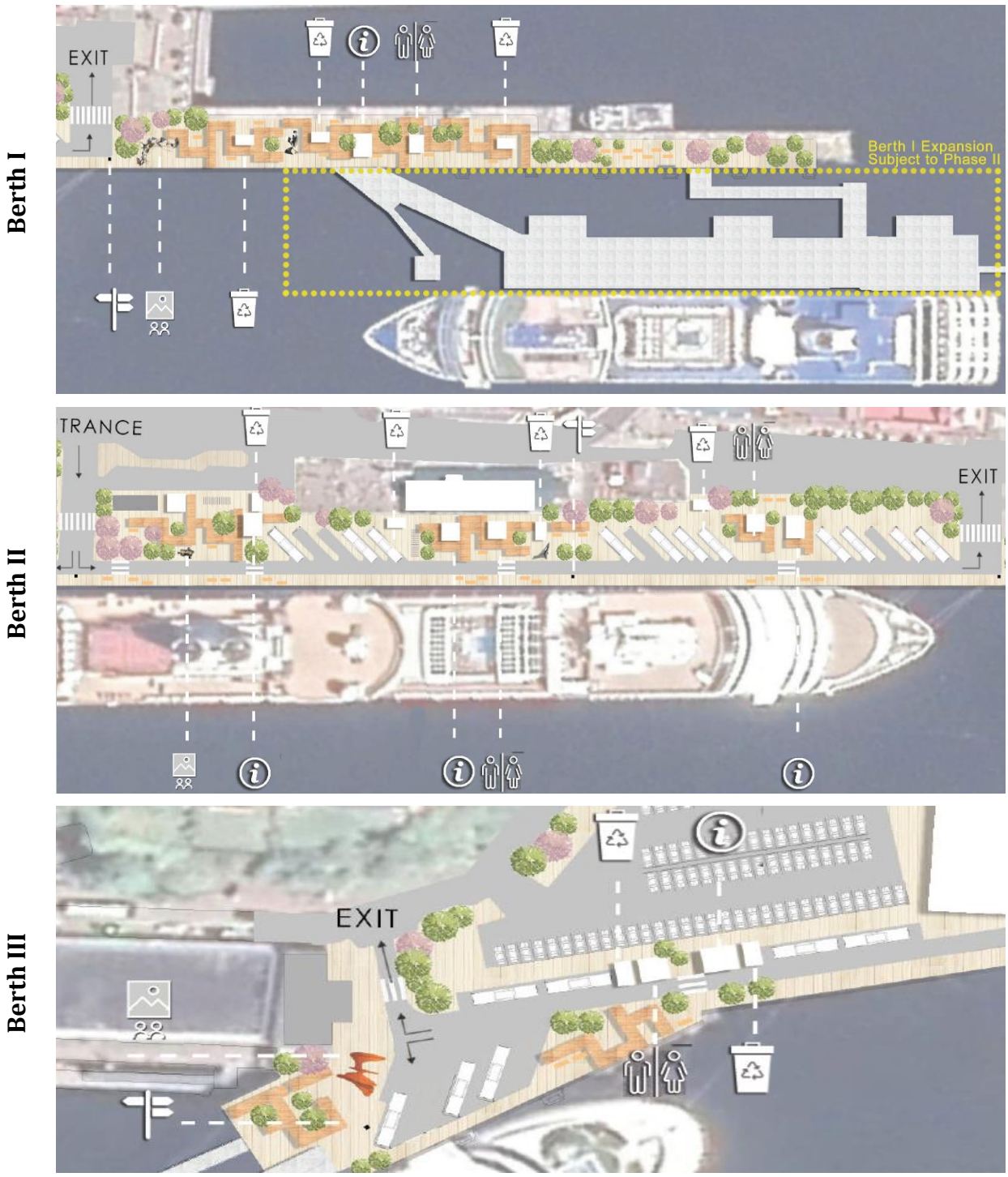
We plan to construct raised walkways with a contrasting walking surface and subtle delineators to separate pedestrians from vehicles. The wood deck system in place at the existing visitor's center at Berth II would serve as the basic model. This system does a good job providing a safe place for the public to assemble, away from vehicle traffic while enabling the safe accommodation of both passengers and residents in the waterfront area. Congestion is a major issue in front of Berth II and around the Visitor Information Center. In this regard, we will construct Guest Information Centers (GIC) in front of each berth to provide the best cruise guest experience. GIC will provide information on the destination and promote local businesses in City.

To help alleviate parking congestion downtown and adjacent to the docks, the project team will consider long-term leasing of property in the surrounding area to allow for our employee parking away from the docks and downtown business core. Employees will be provided with bus passes to incentivize the use of the local bus system. It would be possible to collaborate with local business owners and those working on the waterfront to also park away from the dock areas to increase parking availability in the Tongass Trading/Berth III parking lot for those shopping and conducting business along Front Street and in Downtown. Together with the City, we should review and identify all possible areas where new parking facilities can be provided or other methods for decreasing car driving during the cruise ship season.

Access and operation of tour buses and shore excursion vehicles will be coordinated by our team to avoid unnecessary congestion on the docks, by allocating only the vehicles necessary to be there at any given time. Continuous communication with the managers of these operations is crucial to ensure success of this component. Buses should be staged away from downtown and called to the docks shortly before needed.



The Port needs to have a consistent signage scheme throughout the uplands area - easy to comprehend quickly. Each berth will be identified along its length to assist visitors with remembering and understanding where their vessel is located. Signage pointing to major pedestrian pathways to the downtown grid system will be provided. Lastly, we will promote the timber industry of the City while incorporating all local natural sources in its designs. Hence, signage, canopies and resting & sitting promenade will be built with the local timber.



Covered Performance Shell: This new, improved venue would feature the Music on the Dock program during inclement weather. This weekly program is managed by the Ketchikan Area Arts and Humanities Council (KAAHC) and offers an opportunity for Ketchikan musicians to be paid to perform on the dock to visitors and locals alike. During good weather, the musicians perform at the south end of the Berth II Visitor's Building, but during inclement weather they perform under the shelter at the visitors center at Berth III in a space that is not conducive to performing music. The proposed performance shell should be north-facing with a covered stage away from street/vehicle noise.

Environmental Consideration

We are aware of the City's and residents' concerns about the environmental issues in recent years. We would like to bring tailor-made solutions to the waterfront area while promoting Alaskan culture.

In order to encourage sustainable behaviour, we would like to develop eco-friendly and sustainable smart public restrooms which will save water immediately and conserve the City's natural resources. In these facilities, all the sustainable and energy-efficient solutions will be considered to promote the port as Eco-friendly.

Hydropower is the primary source of power in Ketchikan, however, several large diesel generators may be required when water levels are low. It is important to consider alternative ways of electricity generation. Hence, building small solar power panels creates an insignificant carbon footprint compared with savings from avoiding diesel generators. Lighting systems come at the first of these areas. In order to decrease emissions in the port, we would like to implement a combined solution of solar power with the energy-efficient LED lighting. In the preliminary design, total photovoltaic power output is 931kWh/kWp, and 67% of total electricity is generated in the cruise season due to long daytime duration. In this regard, we highly believe that implementing solar, plus an LED lighting system in the port, will contribute to the sustainability of Ketchikan. We will also evaluate rooftop solar power generation subject to further feasibility studies. Ketchikan could benefit from the development of a natural gas terminal in Southeast Alaska in the future, and we will evaluate the feasibility of shore power opportunities to contribute the economic development of the region, if this project is built.

In order to sustain an efficient waste management plan, we would like to use eco-friendly outdoor bins to help divert unnecessary waste being sent to landfills by separating the waste. Considering the challenging environmental conditions of the port area, all procured recycling bins will be made of high-quality and water-resistant materials to be durable.

We would design the waterfront area in a most sustainable way with local elements.

4.1.3. Part III – Improvements to Current Infrastructure & Upgrade of Cathodic Protection System

The City has performed studies showing the condition of the existing marine infrastructure. Those are included in the M&N Plan. Results from the condition assessment undertook by M&N determined that all primary structural elements inspected at the Ketchikan Cruise Port are sound, but minor to moderate defects or deterioration have been observed.

During the inspection and further assessment, some localized areas were identified with moderate to advanced deterioration where repair works were recommended.

An upgrade of the cathodic protection (CP) system will be provided to supplement the coating system to protect the current infrastructure. The type of CP system

selected for each element of the infrastructure (box beam, pile cap, batter pile sub cap, supporting piles, bollard pipes, and batter pile) will follow the following principles:

- Obtain adequate protection on the entire submerged surfaces of the steel piles, areas exposed located in the splash zone and steel structures such as bollards, fender chains and panels
- Minimize/eliminate interferences while ensuring adequate life span of each system
- Easy maintenance and monitoring of the CP system and its performance

Although a final detailed inspection on the existing CP system will be carried out by GPH specialized consultants after the award of this project, this proposal includes the following improvements that will be made to the current CP system.

Work on Berths I and II will include installation of new aluminium pier anodes at all piles that have CP levels below the minimum required for adequate protection. Then, the contractor will install electrical bonding straps between Bents 7 and 8, as well as between the berth structure and all adjacent fender and bollard piles. This will promote more even current distribution for all berth piles and allow for continued protection from adjacent anodes if a local anode is damaged or depleted. In order to protect Berth I and II, our technical team will blast and spray metalize failed coating areas (depending on the percentage of damaged areas, it will be considered to blast and spray the entire dock superstructure).

Considering the sealing gap between piling caps and box girders, flexible polyurethane compound will be formulated for saltwater exposure to prevent water intrusion and corrosion. Planning activities will be done for a coating repair project to address the coating failures present on the Berth I and II structural members. Damaged or missing Seashield piling wrap systems for the berth piles will be repaired or replaced. Piling wraps in the tidal zone of all fender, bollard and mooring dolphin piles will be installed. Petrolatum-based wrap will be included to improve protection in the tidal zone where CP is not as effective due to water level fluctuations.

In Berth III, the technical team will design and install a sacrificial or impressed current system to provide cathodic protection for the Berth III piles. Thereafter, they will install additional piling wraps in the tidal zone for all Berth III piles while using a petrolatum-based wrap to improve protection in the tidal zone where CP is not as effective due to water.

3.2. Project Execution Plan

GPH and CS have very experienced in-house technical teams that are always involved in the design and construction phases of our projects. The teams provide support to all our projects and they are very active and involved in the evaluation of new developments. The key to the success of future operations is to be involved during the concept and technical design in order to be more efficient during operations activity. That way we minimize the gap between "design-construction-operation" that occurs if it is not coordinated properly, avoiding issues during operations. We are completely aware of the importance of completing the project and accepting ships by May 2023. The Execution Plan below has been based on our past experience in similar projects. Our selected Specialized Architectural firm, our local architectural firm, and our Marine Engineering Firms will assist us and the Ketchikan Cruise Port with the required material needed for the submission of permitting and environmental licenses.

None of the work will be carried out on-site during the cruise ship season, but we will continue to work during this window. We will apply our efforts in making sure that the licenses & permitting consultations are carried out and the procurement of material can be properly scheduled.

It is expected that a project of this scale would be completed in less than 3 years, considering permits/licenses can be received in approximately 8-10 months. We also estimate the design stage would be completed in 3-4 months, and the construction of Berth III Extension would take approximately 2-3 months. Cathodic Protection work would be divided into two low seasons to eliminate any potential interference with operations of cruise ship season (from May to September). These assumptions are based on our experience and will be readjusted to be optimized during the design stage.

Permits/License and Consultation

New projects and maintenance activities are subject to state and federal resource agency permits, which must be obtained prior to commencement of the works. This stage has an estimated duration of 8 months. It can occur that a required permit to be issued by relevant bodies is delayed, and therefore the time frames mentioned on the section above would be altered. It is expected that a 30% design package of marine works, upland developments and improvements to current infrastructures is needed prior to submission of the license request.

Site Investigation/Studies

During the above stage, a "Gap Analysis" or data collection and review will be made by GPH and our consultants to make sure all relevant information is available, or if further studies need to be conducted. It is expected the studies can be completed in less than 2 months, considering procurement, mobilization, site work and submission of surveys which include bathymetric survey, geotechnical site investigation, topographic survey and Traffic Impact Assessment.

We understand the City's objectives and key issues for the waterfront and its impact on resident life, which is why we will deploy an experienced local or international traffic impact consultant to investigate possibilities to decrease congestion in the Ground Transportation Area and increase the quality of experience both for cruise passengers and residents. We are committed to preserving certain public rights-of-way for residents.

Design Phase

The Design Phase will start in parallel with the above surveys and will be completed (100% package issued for construction) while licenses/permits are received.

Detailed inspections will be held to evaluate Berths I and II, particularly on areas pointed out in the M&N tier 1 and tier 2 inspection report. Site measurements will be made to determine that enough protection is provided to the structure and the overprotection and stray currents are mitigated accordingly. The technical team will divide Berths I and II into various zones requiring protection in order to define priority action and phases. Afterward, they will determine design protection criteria, expected corrosion rates and coating status.

On the design of the Berth III extension (including new mooring dolphin and 2 twin-bitt bollards in Deck Berth III), there will be work on detailed design of dolphin piles, cap, QRH units, rock sockets, corrosion protection, electrical work, catwalk and double-bit bollards in deck Berth III.

The technical team will work on the design of cathodic protection and improvements to current infrastructure. Detail design will include the anodes for berth piles, corrosion protection (coating, wrapping, jacketing) for steel structures and concrete repair works. Detailed design of improvement work includes bull rail, safety ladders, bollards, lighting, dock crane, life rings, fire extinguishers, guardrails, capstans, timber piling work, safety ladders. Lastly, design of the port upland improvements will include foundations, utilities, architectural concepts and signage.

Execution Phase

It is anticipated that the cathodic system installation phase will start in 2021 and will finish in 2023. It is estimated that the **procurement and delivery time of material for construction works** will be approximately 2 months. The procurement of material can be made during cruise ship season and the delivery of material during the off-season. **The procurement and delivery time of material for repair works** will take approximately 4 months, as it is expected these works be split into 2 to avoid any interference with cruise ship operations.

Construction of Berth III Extension:

In order to avoid any obstruction to cruise port operations, construction works have not been considered to take place within the cruise season. Mobilisation to the site will be at month 1 of year 1 and includes site compounds installation, the definition of designated sites for storage material and equipment, plant and equipment, arrangements for site security, etc. Extension of Berth III main tasks include the installation of dolphin piles, dolphin cap, catwalk, mooring and berthing ancillaries and deck furniture. Steel piling works shall be undertaken in accordance with relevant standards and specifications. The specialist contractor shall provide a method statement and risk assessment to site management for review prior to commencing. Work sequences will be readjusted and optimised by the synergy between GPH, designers, the City and general contractors; however, it is anticipated that work will commence early in Year 2 with the installation of the dolphin piles (starting landward to seaward) and will be completed in approximately 2-3 months maximum. At certain times of the year, the weather can make the construction work difficult; hence, contingency plans shall be produced by the contractor to protect workers and the public in these situations.

Cathodic Protection:

It is expected cathodic protection works would last 9-10 months across two cruise off-seasons.

It will start with the installation of sacrificial anodes on support piles of Berth I and II. Work will include the recording manufacturer/suppliers' details and ensuring anodes are properly QA/QC inspected and certified before installation. These shall be supplied and installed according to relevant standards/regulations. The contractor will record the proposed location of any switching, control or monitoring devices while ensuring monitoring devices are certified by their manufacturers and test certificates are supplied. Anodes, that will be installed, will always remain fully submerged. Recording the location of each anode as checked during construction will be done, hence all deviations from the design location would be highlighted. Then, this data should be updated during the life of the structure. All parts should have enough easy access to enable the completion of the commissioning and on-going monitoring in an efficient manner and to enable confirmation that the cathodic protection system is providing satisfactory corrosion protection to all parts.

Detailed inspections will be done and depending on the percentage of the damaged area we will repair failed coating for Berths I and II. The total area to be blasted and sprayed will be determined. The surface areas of the section of piles that are intended to be coated shall be cleaned in accordance with ISO 8501-1. Some paints require a certain surface roughness in order to effectively adhere to the substrate. Coating shall be applied according to standards.

Additionally, we will replace missing and damaged Sea-Shield wraps with the following order of surface preparation, cleaning, install primer, install tape, and install the jacket.

In Berth I&II, installation of new pile wraps will be in the tidal zone for the fender, bollard and mooring dolphin piling that include a petrolatum-based wrap to improve protection in the tidal zone where CP is not as effective due to water level fluctuations. The sequence of work will be very similar to tasks mention below which include: the preparation of the surface, cleaning, installation of primer and tape and wrap. The duration of this task has been estimated as 2 months.

Installation of new pile wraps will be in the tidal zone for the Berth III platform. Based on experience, the installation of new pile wraps in the tidal zone for the Berth III platform has been estimated to have a duration of approximately 4 months. Installation of Berth III aluminium anodes will follow the same principle as mentioned on Berth I&II. Estimated completion time for Berth III's corrosion protection work is 4 months. Contractor will work on the repaired failed coating of Berth III to ensure the structure or sections of the structure are electrically connected or continuous. Monitoring cathodic protection systems at regular predetermined intervals will be done by qualified persons for successful maintenance and operation.

Improvement to current infrastructure:

Further to detailed inspection, assessments will be made on adequate repair design for seal gaps between the pile caps and box girders. It may be considered to seal the gap between pile caps and box girders with a flexible polyurethane compound formulated for saltwater exposure to prevent water intrusion and corrosion. Repair work will include the dock surface which will expose sound concrete and un-corroded steel, fender systems, improvement works – individual systems (bullrails, safety ladders, lighting, dock crane etc.).

3.3. Maintenance/Monitoring Phase

Monitoring and maintenance of the facilities start from day one. The well-being and functionality of the waterfront and its equipment can directly impact its operational efficiency. Thus, it is important for us as a cruise port operator to prevent any faults or breakdowns during operations with regular checks or tests. If anything fails, the terminal operator should respond quickly to rectify the situation and restore operations.

We will ensure that thanks to local support of experienced local maintenance companies, the facilities and equipment affecting passenger operations are regularly tested. Other aspects that the custodian will be assisting in are the co-ordination and maintenance of landscaping, pest control and waste disposal services. We will work together with the potential custodian on upkeep of the serviceability of the cruise port.

The following table shows recommendations on monitoring intervals for Cathodic Protection Systems which is only a guidance and will be reviewed.

Cathodic Protection System – Monitoring Intervals		
Year	Monitoring Intervals	
	New	Established
1	Undertake functional checks monthly to establish satisfactory performance	N/A
2	Routine performance monitoring 3 monthly intervals	6 to 12 monthly depending on previous performance
3+	6 to 12 monthly depending on previous performance	6 to 12 monthly depending on previous performance
10	More frequent monitoring maybe required if decreased performance is noticed as anodes are consumed. Check performance of reference electrodes, replace if required.	More frequent monitoring maybe required if decreased performance is noticed as anodes are consumed. Check performance of reference electrodes, replace if required.
10-15	Anodes may require replacement. If anodes are replaced, suggest monthly monitoring until system returns to steady state.	Anodes may require replacement. If anodes are replaced suggest monthly monitoring until system returns to steady state.
20-25	Major system overhaul required, replace wiring junction boxes etc. Monthly system monitoring required until system returns to steady state.	

5. Financial Proposal

4.1. Upfront Fee

Ketchikan Port Solutions, LLC is pleased to offer two options to the City:

1) $40,000,000 Concession Fee to be paid upfront, pursuant to a 20-year concession term (with 10-year extension option), or
2) $45,000,000 Concession Fee to be paid upfront, pursuant to a 30-year concession term.

The upfront concession fee offered under either option will be paid by Ketchikan Port Solutions, LLC at financial closing upon a market standard PPP Contract. While we have opted to propose that the fee is paid upfront, Ketchikan Port Solutions, LLC is open to discussing making the payments in instalments if it proves more advantageous to the structure and to the City.

4.2. Annual Lease Payments and Revenue Sharing

Ketchikan Port Solutions, LLC proposes to make annual payments to the City equal to subject to the tariff mechanism offered in Section 5.3.7.:

A. Series 2016 Bond Debt Service corresponding to each year, plus
B. Berth IV Lease Payments corresponding to each year, plus

C. Passenger Fee of $0.50 (minimum $400,000) under a 20-year concession term, or $1.25 (minimum $800,000) under a 30-year term, subject to adjustment to inflation.

Effectively, on A and B above, we propose to assume the City's annual bond debt service and annual lease payment obligations and pays a variable concession fee based on passenger volume.

4.3. Financing Plan

5.3.1. Overview

Ketchikan Port Solutions, LLC, along their financial advisor, Barclays Capital Inc. ("Barclays"), are pleased to submit this preliminary financing plan ("Financing Plan") for the Ketchikan Cruise Port (the "Project"). Ketchikan Port Solutions, LLC maximized overall value by appropriately mitigating risk, optimizing the capital structure, and minimizing financing costs over the short and long-term. Further, Ketchikan Port Solutions, LLC's collective expertise and experience, along with support from Barclays, provides execution certainty to achieve Financial Close in a timely manner.

This section lays out the capital structure and funding plan of the proposal. Key highlights of our financing approach include:

- Long-term commitment
- No refinancing risk
- Investment grade structuring
- Fully funded project with committed equity and debt at Financial Close
- Strong and robust financial stakeholders

The Financial Plan is based on Ketchikan Port Solutions, LLC's and Barclays' collective experience in structuring transactions that deliver the most competitive terms available in the market. The overall objective is to minimize all-in cost of capital while maintaining financial stability in order to provide certainty of completion and the required concession fee. Please refer to Appendix F for Barclays' Support Letter.

Private Activity Bonds | To deliver the Project, the Consortium has established a special purpose vehicle ("SPV") to enter into the PPP Agreement with the City. The SPV will be funded to complete the Project at Financial Close. Funding is expected to be comprised of non-recourse tax-exempt Private Activity Bonds ("PABs") underwritten by Barclays and equity provided or sourced by GPH and CS ("Sponsor Equity"). The PABs will provide long-term debt funding to the Project. The Project's capital structuring follows standard project finance techniques in order to provide a robust and resilient finance package.

Investment Grade Structuring | We expect to the Project structuring to follow general investment grade rating guidelines, based on Ketchikan Port Solutions, LLC's Business Plan and Base Case Financial Model.

Debt Underwriter | Barclays Capital Inc. has executed a support letter and is prepared to underwrite 100% of the Project's tax-exempt and taxable debt, if any.

Barclays carries long-term credit ratings in the "A" category from each of Fitch Ratings (A+), Moody's Investor Service (A2) and Standard & Poor's Ratings Group (A) and has a balance sheet of approximately $1.5 trillion. Barclays has a long history of leadership in both financing and investing in public and private infrastructure projects across all sectors in the U.S. market. Since 2008, Barclays has served as placement agent on over

$25 billion in U.S. Private Placements for infrastructure transactions. Additionally, Barclays has successfully marketed and underwritten over 165 PAB transactions with a par value of $15 billion over the last 10 years in the role of senior manager.

5.3.2. Security for the Project

In November 2016, the Alaska Municipal Bond Bank (the "Bond Bank") issued the 2016 Series Four bonds (the "2016 Bonds") to fund the City's 2016 Loan, which refinanced the City's original 2006 Loan. The 2016 Bonds have a call date of December 1, 2026, which would make it uneconomical to refund or defeasance at this point. As a result, we have assumed that the Series 2016 Bonds remain outstanding.

The 2016 Bonds' covenants and priority of payment order would continue to apply. The 2016 bond indenture (Section 7) requires all port revenue to be deposited in the City's Port Revenue Fund and directs the City to pay operating expenses and debt service on the 2016 Bonds prior to any other uses. As a result, we have assumed that revenue received pursuant to the Concession and Lease Agreement would be subordinate to the 2016 Bonds and the Berth IV Lease Payments as well as any other obligation under the 2016 bond indenture. While this is not Ketchikan Port Solutions, LLC's preference and more legal due diligence is required, we believe legal construct is workable if the City works constructively with the Bond Bank and Ketchikan Port Solutions, LLC. Options to address concession's structural subordination include closing off the existing lien and obtaining relevant consents from the Bond Bank, as needed.

5.3.3. Indicative Financing Results

Sources and Uses | See table below identifying the various sources and uses of Project Debt and other capital, assuming a Concession term of 20 years.

Sources and Uses of Funds		
Sources of Funds	**($000s)**	**(%)**
Tax-Exempt Private Activity Bonds	45,359	65.5%
(+) Premium/(discount)	5,367	7.8%
Equity	18,483	26.7%
Total Sources	**69,209**	**100.0%**
Uses of Funds	**($000s)**	**(%)**
Concession Fee	40,000	57.8%
Initial Cash Balance	1,000	1.4%
Construction Account Funding	18,900	27.3%
Interest During Construction	3,629	5.2%
Financing Fees	680	1.0%
Transaction Expenses	5,000	7.2%
Total Uses	**69,209**	**100.0%**

See table below identifying the various sources and uses of Project Debt and other capital, assuming a Concession term of 30 years.

Sources and Uses of Funds		
Sources of Funds	**($000s)**	**(%)**
Tax-Exempt Private Activity Bonds	40,257	54.6%
(+) Premium/(discount)	3,656	5.0%
Equity	29,811	40.4%
Total Sources	**73,724**	**100.0%**
Uses of Funds	**($000s)**	**(%)**
Concession Fee	45,000	61.0%
Initial Cash Balance	1,000	1.4%
Construction Account Funding	18,900	25.6%
Interest During Construction	3,221	4.4%

Financing Fees	604	0.8%
Transaction Expenses	5,000	6.8%
Total Uses	**73,724**	**100.0%**

5.3.4. Sources of Funds

The Project's capital structure will include two main sources of debt in form of (i) tax-exempt Private Activity Bonds (the "PABs") plus (ii) the Sponsor equity, as listed below:

Project Debt Summary (20 Year Concession)		
PAB Type	**Amount**	**Structure**
Tax-Exempt PABs	$50.7 million	– Senior Secured – Final maturity at 2038 – Average Life of 14.03 years – Sizing Based on minimum DSCR of 1.50x – Spread of 110 bps to MMD at financial close – $5.4 million of bond premium – Current bond yield of 2.97%
Sponsor Equity	$18.5 million	– Sized to cover 100% of the capital costs required to fund the full Project after debt proceeds are exhausted
Project Debt Summary (30 Year Concession)		
PAB Type	**Amount**	**Structure**
Tax-Exempt PABs	$43.9 million	– Senior Secured – Final maturity at 2045 – Average Life of 21.93 years – Sizing Based on minimum DSCR of 1.50x – Spread of 110 bps to MMD at financial close – $3.7 million of bond premium – Current bond yield of 3.43%
Sponsor Equity	$29.9 million	– Sized to cover 100% of the capital costs required to fund the full Project after debt proceeds are exhausted

Project Debt | The upfront concession fee and all eligible capex is funded by tax-exempt PABs and the remaining costs are funded with either project cash flows or equity. Tax-exempt funding of the Upfront Concession Fee will require the City to covenant that projects funded by the City with concession fee proceeds will serve a governmental purpose, which we understand is the case upon our review of the City's contemplated list of projects.

Sponsor Equity | Sponsor equity of $18.5 million is included in the Project capital structure under a 20-year concession, and $29.9 million under a 30-year concession.

Gearing | At financial close the project is 73.3% levered under a 20-year concession and 59.6% levered under a 30-year concession.

Debt and Equity Drawdowns | As the Financial Plan utilizes PABs that are drawn upfront, the PABs proceeds will be deposited into a dedicated Construction Account at Financial Close. The cash funds held in the Construction Account will be withdrawn according to the construction cost curve provided under the EPC Agreement and other SPV costs. Funds in the Construction Account will be withdrawn on a monthly basis upon sign-off by the Lenders' Technical Advisor ("LTA"), who will certify that the relevant work has been performed. Sponsor Equity will be secured at Financial Close with either an acceptable LC or a cash-secured escrow account.

Debt Service Coverage | The long-term concession compares well to the investment grade structure of comparable Infrastructure Assets with a minimum DSCR of 1.50x, and long-term average DSCR of 2.86.

Alaska Municipal Bond Bank | As an enhancement, the Consortium will consider issuing project bonds through the Alaska Municipal Bond Bank, subject to approval by the City, to take advantage of the Bond Bank's strong AA ratings. The Bond Bank's participation would reduce interest cost; creating savings to be shared by the City and the overall Project. To facilitate this potential approach, Conrac Solutions CEO, Mark Pfeffer, served on the Bond Bank board of directors for 16 years, 6 as Chairman, and he maintains a strong working relationship with Executive Director, Deven Mitchell.

Tax Treatment | The Consortium will retain a Tax Advisor for the Project. With the advice of the Tax Advisor, the Consortium will structure its overall corporate organization to minimize the Project's overall cost of capital. The financial model assumes an effective corporate income tax rate of 20%. The financial model used to structure debt and equity capital uses the cash method of revenue and cost recognition, as opposed to GAAP or IFRS (financial reporting will likely be performed in GAAP, but the bid model and operating model will continue to be a cash-based approach).

5.3.5. Basis for Forecast

In developing its Base Case, we incorporated the following assumptions:

Demand Analysis | Ketchikan Port Solutions, LLC used the B&A Market Study dated January 4, 2019, commissioned by the City as part of its solicitation. Ketchikan Port Solutions, LLC also assumed that the Ward Cove project is built by 2021, which will host all NCL vessels, and decrease Ketchikan traffic by an estimated 22%.

Cruise Line Capability | Ketchikan Port Solutions, LLC is of the view that Ketchikan is an integral part of the Cruise Lines' Alaska itinerary, which remains a profitable and attractive product offering for Cruise Lines.

Challenges | While not insurmountable, challenges for project include properly managing passenger fee increase, while continuing to work collaboratively with cruise line companies and managing construction program in an efficient manner with no material impact to traffic. Realization of Ward Cove is another challenge as the anticipated capacity of the port is more than NCL need, the port can accommodate other cruise lines. Other challenges include potential risk that expansion of home ports in Alaska, Canada and Seattle do not take place as currently contemplated.

5.3.6. Capital Investment Forecast

Per the preliminary technical due diligence, Ketchikan Port Solutions, LLC project capital investment of $18,900,000 as shown on the table below. The Berth I Expansion will depend on the Ward Cove project.

Capital Investments (000s)	
Project Development	$1,000
Berth III Expansion	$2,900
Port Upland Improvements	$4,000
Cathodic Protection System	$11,000
Total	$18,900

During the preferred bidder stage, Ketchikan Port Solutions, LLC will develop a forecast of life-cycle capital expenditures.

5.3.7. Passenger and Other Fees Structure

Ketchikan Port Solutions, LLC's proposal contemplates a passenger fee structure that covers the City's current obligations and the Concession Company's operating and capital costs. we shall be responsible to charge all fees including but not limited to passenger, dockage, rent and other city fees under the current City Code from cruise lines. For illustrative purposes, the table below summarizes the projected fee structure.

Passenger and Other Fees Structure											
		2021	2022	2023	2024	2025	2026	2027	2028	2029*	2030
Passenger Fee	*$/PAX*	9.0	10.0	11.0	12.0	13.0	13.5	14.0	14.5	15.0	15.2
y-o-y growth	*%*		*11.1%*	*10.0%*	*9.1%*	*8.3%*	*3.9%*	*3.7%*	*3.6%*	*3.5%*	*1.5%*
Dockage Fee	*$/LoA*	2.38	2.41	2.45	2.48	2.52	2.56	2.60	2.64	2.68	2.72
y-o-y growth	*%*		*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
Port development Fees	*$/LoA*	1.93	1.96	1.99	2.02	2.05	2.08	2.11	2.14	2.17	2.21
y-o-y growth	*%*		*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
Water services	*$/vessel*	720.0	730.8	741.8	752.9	764.2	775.6	787.3	799.0	811.1	823.2
y-o-y growth	*%*		*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
Retail revenue	*$'000*	427	433	440	446	453	460	467	474	481	488
y-o-y growth	*%*		*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
Variable Concession Fee											
Variable Concession Fee for 20 year term	*$/PAX*	0.50	0.51	0.52	0.52	0.53	0.54	0.55	0.55	0.56	0.57
y-o-y growth	*%*		*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
Variable Concession Fee for 30 year term	*$/PAX*	1.25	1.27	1.29	1.31	1.33	1.35	1.37	1.39	1.41	1.43
y-o-y growth	*%*		*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
Berth IV Lease + Bond Payments per pax	*$/PAX*	4.45	5.03	5.00	4.98	4.99	4.87	4.81	4.76	4.72	4.69
Annual Lease Payment for 20 year term	***$/PAX***	**4.95**	**5.54**	**5.52**	**5.51**	**5.52**	**5.41**	**5.36**	**5.32**	**5.28**	**5.26**
Annual Lease Payment for 30 year term	***$/PAX***	**5.70**	**6.30**	**6.29**	**6.29**	**6.31**	**6.22**	**6.18**	**6.15**	**6.13**	**6.12**

*The increase of Passenger Fee will be gradual as presented above, it will be escalated by the US-CPI after 2029. Other fees will be adjusted by the US-CPI starting from 2021.

Fee Upside Sharing | Under our proposal we expect to reach a Passenger Fee of $15 by 2029 (through gradual fee increases) followed by an annual escalation by inflation for the remainder of the concession term. In the event that the Passenger Fee exceeds $15 before the schedule demonstrated above, the Sponsors are prepared to remit 30% of the excess fee to the City.

As previously noted, we remain committed to meeting the City's goals, while continuing to offer a competitive passenger fee structure to the cruise line companies.

5.3.8. Construction Impact

We are completely aware of the importance of the limited duration of cruise season, it has prepared its execution plan to guarantee that none of the works will be carried out on-site during cruise season to avoid any lack of comfort to local and passengers with the support of our experienced advisors and contractors' network. In this regard, we do not foresee any negative impact on the cruise passengers' comfort and well-being during construction period as well as following operation period. Hence, it won't create any material effect on the financial feasibility of the Project.

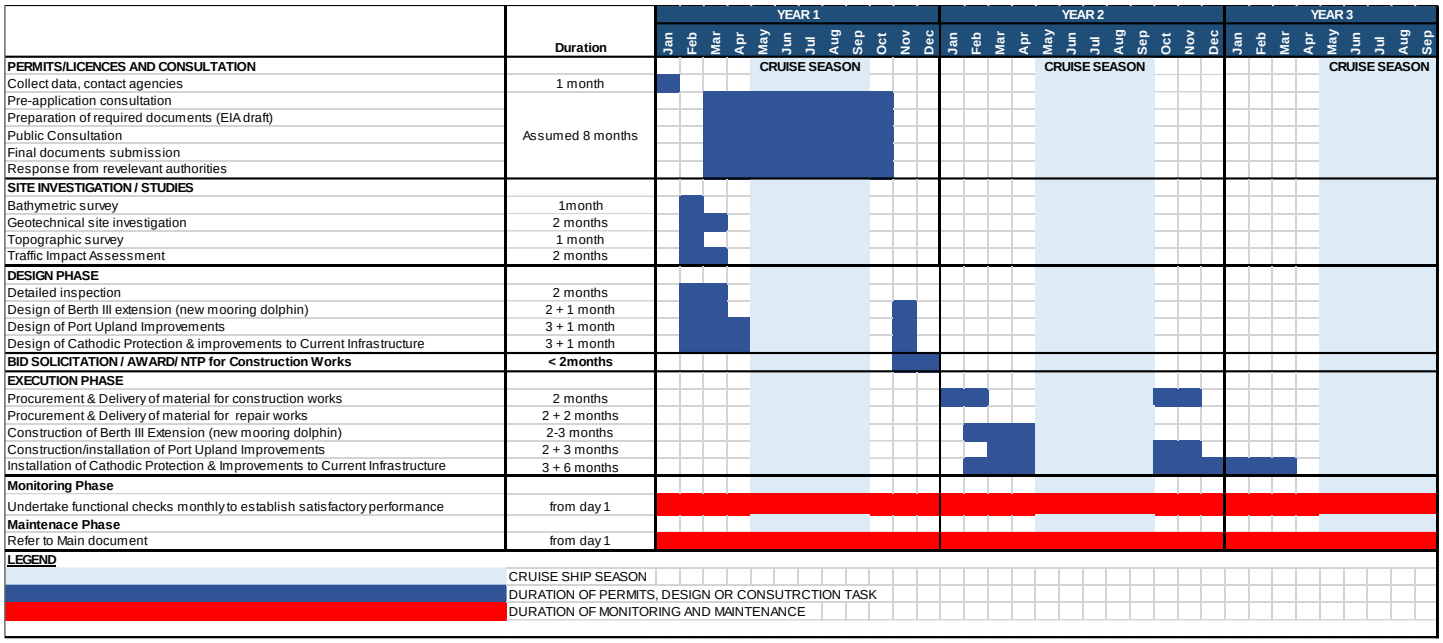
4.4. Base Case Financial Model

The Excel spreadsheet can be found in the attached USB Drive and CD ROM. Please refer to Appendix G to see the cash flow spreadsheet in pdf format. Excel spreadsheet has been prepared both for 20-years and 30-years cases.

We confirm compliance of the Base Case Financial Model with the requirements set out in RFP sections 6.7.1.i to 6.7.1.ix.

6. Schedule

The Project Schedule is a dynamic document that is used to plan and track progress over the life of the project. The baseline schedule has been developed using the critical path methodology applied to project work activities representative of this project. It should be noted that the below schedule only includes Phase I of the Project. Detailed schedule will be prepared for the Berth I Expansion – Phase II will be prepared once the Ward Cove Project's status became clear. The schedule contingency for the completion milestone has been established before the beginning of 2023 cruise season as requested by the City. Please refer to Appendix H for detailed Construction Schedule.



Issues or conditions that are beyond what are usually considered to be normal project constraints (originating from a variety of sources) can lead to proposed milestone date

delays. Although the Project schedule considers restrictions imposed by the winter season, this shall be considered as an on-progress document and this will be updated accordingly. The project execution strategy and methodology may need to change during the project, to adapt to prevailing conditions and requirements.

7. Exceptions to the Agreement

Upon review of the specimen Concession and Lease Agreement (the "**Agreement**"), the we have identified the following legal and commercial matters that it would like to discuss with the City. We set out below the summary of the key matters that are essential for the feasibility and bankability of the Project. Please also refer to Appendix I for the detailed list of Ketchikan Port Solutions, LLC's comments to the Agreement.

1) Fee collection structure

Ketchikan Port Solutions, LLC proposes the following fee collection structure:

(a) We recognize the fact that the City needs proceeds for its Berth IV Lease (as defined below) and existing bond repayment obligations, hence we would like to propose a total Annual Lease Payment that would be the sum of (i) existing City Municipal Bond debt service on an annual basis, (ii) annual Berth IV lease obligation, and (iii) a variable concession fee per passenger. City Municipal Bond debt service and Berth IV lease obligations payment schedule will be aligned to the City's payment obligations. The subject variable concession fee will be adjusted by US CPI.

(b) We acknowledge the existing lien on all the cruise revenues of the City as a security to the Municipal Bond. Therefore, in order to accommodate the requirements of the Municipal Bond, we propose to bill all cruise related fees where the proceeds are collected at the City's lien Municipal Bond account, then once the Annual Lease Payment is retained by the City, the rest is automatically transferred to Ketchikan Port Solutions, LLC's account. Although the proposed structure would create a subordinated revenue stream for us, we believe that this is the only solution to meet City's debt obligations and the Ketchikan Port Solutions, LLC's financing arrangement.

(c) Accordingly, we shall be responsible to charge all fees including but not limited to passenger wharfage, dockage, rent and other city fees under the current City Code from cruise lines. The current City Code shall be amended to be in line with the Ketchikan Port Solutions, LLC's tariff proposal. For such purposes, we anticipate that the City will, in good faith and in a timely manner, procure any legislative action as might be required. If required, any such amendment shall be a condition precedent for us to assume operations of the port.

(d) City shall not have the discretion to introduce any new charges to the cruise lines as it directly increases cruise lines costs and would most likely decrease demand. The City cannot be involved in any act or omission increasing the existing debts related to the cruise port as well as any additional liens on the cruise port revenues or assets.

(e) Ketchikan Port Solutions, LLC assumed in its financing plan that the upfront payment will be used for eligible government use only. Final concession agreement to include covenant from the City in this regard.

2) Berth IV Lease

Ketchikan Port Solutions, LLC would like the City to consider that the lease agreement for Berth IV ("**Berth IV Lease**") be assigned to us. We are concerned that a right to use may be revoked at any time and any such possibility may jeopardize the security of

the lenders over such leasehold interest and operation rights of Ketchikan Port Solutions, LLC.

3) Exclusivity

We would like to specify in the Agreement that it is granted with right and privilege, on an exclusive basis, to (a) use and operate the port and (b) provide certain services to the cruise lines and passengers as well as charge all fees for such services.

4) Project development and future construction

Capacity constraints are highly dependent on the realization of the Ward Cove project. The City and Ketchikan Port Solutions, LLC shall mutually agree to the conditionality of berth expansions by which Ketchikan Port Solutions, LLC shall not be required to expand the respective Berth(s) in case of realization of Ward Cove Project or insufficient market demand due to financial viability.

Any date to be mutually agreed for the completion of the construction works shall start from the date of issuance of all necessary approvals, permits and observance of such date shall be conditional upon (i) the City timely delivering the possession of the port and surrounding areas required for the construction works, (ii) the City timely assisting and cooperating with the Ketchikan Port Solutions, LLC in the permit process and (iii) the City ensuring that its employees, agents and any other third party not causing any nuisance, unreasonable interference, prevention, inconvenience or disturbance to the conduct of construction works, the use and enjoyment of the port by the Ketchikan Port Solutions, LLC and its contractors.

Where we are of the opinion that a substantial investment may be necessary to accommodate a market-standard demand that was not initially foreseen in the Project, it will contact the City and present the required investment. We would expect to achieve the same after-tax returns as per our bid. Such investment shall trigger automatic extension of the concession period.

5) Environmental liability

Ketchikan Port Solutions, LLC proposes that the following principles apply to the environmental liability and corresponding articles shall be re-drafted accordingly:

(f) Ketchikan Port Solutions, LLC shall conduct, at its own cost, an environmental baseline study. If such study shows any pre-existing contamination at the Concession Area, the Company will immediately notify the City, provide a copy of the study, will not be liable for any pre-existing contamination and will be entitled to suspend all activities which are prevented or affected or reasonably likely to be affected by the pre-existing contamination. For the avoidance of doubt, any pre-existing contamination (whether or not identified in the environmental base study) will be at the City's responsibility.

(g) After the takeover of the port, Ketchikan Port Solutions, LLC shall be liable for violation of environmental laws if resulted from an act or omission directly attributable to Ketchikan Port Solutions, LLC. Accordingly, we shall hold harmless and indemnify the City (and not other relevant parties) if damages are attributable to the direct acts and omissions of Ketchikan Port Solutions, LLC. For the avoidance of doubt, we shall not be liable if violation resulted from actions of a third-party (such as owner or operator of a vessel).

(h) Nevertheless, liability regime under some of the clauses is very wide and may need to be amended as a result of the environmental baseline study.

(i) Prior to the hand-back of the port, Ketchikan Port Solutions, LLC shall conduct, at its own cost, a final environmental baseline study. If such study shows any contamination at the Concession Area, Ketchikan Port Solutions, LLC shall promptly take all actions necessary to correct the violation at its own cost to the extent that the contamination resulted from an act or omission directly attributable to Ketchikan Port Solutions, LLC. If such study does not show any contamination, the environmental liability of Ketchikan Port Solutions, LLC shall cease on the date of hand-back.

6) City's representation and warranties

Lack of proper representation and warranties is a major concern in respect to the bankability of the Project. Ketchikan Port Solutions, LLC expects the City to provide market standard representations and warranties which will include capacity, authorization, title, access to the Leased Premises, maintenance of ownership of the Leased Premises through the term of the Agreement and accuracy of information provided to Ketchikan Port Solutions, LLC.

7) Security package, lenders' step-in right and registration of the lease

As a market standard of any project financing, the lenders will request a charge over the leasehold interest. For the avoidance of doubt, this will not be a charge over the property and the lenders will not have the right to foreclose any property within the Concession Area in case of Ketchikan Port Solutions, LLC's default. The charge is necessary to secure the continuity of the Project. We request that the Agreement recognizes a market standard step-in right of the lenders which will entitle the lenders to nominate a substitute entity for Ketchikan Port Solutions, LLC in case of an event of default. Please note that the recognition of the lenders' step-in right may require the execution of a direct agreement between the City and the lenders.

The Agreement (or a redacted version thereof if possible) has to be registered with the district recorder's office for the purposes of securing the financing and recognizing the lenders' charge over the leasehold interest.

8) Termination grounds and consequences

For any infrastructure project of this type, the lenders expect to see a market standard termination clause which would treat the termination of the Agreement as an exceptional and last-resort event. Accordingly, Ketchikan Port Solutions, LLC proposes that the grounds for termination under the Agreement will, subject to lenders' further comments, be limited to:

(a) termination for a Ketchikan Port Solutions, LLC default (such as breach of a material obligation that we have not remedied or substantially commenced the remedy within 90 days upon receipt of a notice from the City (and provided always that such breach has not been directly or indirectly caused or contributed to by any breach of the Agreement, negligence or act or omission of the City) or bankruptcy or insolvency of Ketchikan Port Solutions, LLC (and to the extent lenders have not exercised their step-in right in the event the Ketchikan Port Solutions, LLC has not been declared bankrupt);
(b) Termination for City default (such as breach of a material obligation that City has not remedied or substantially commenced the remedy within 90 days upon receipt of a notice from Ketchikan Port Solutions, LLC; or the loss by Ketchikan Port Solutions, LLC of the possession of the Leased Premises or right to use the Berth IV due to eminent domain; or bankruptcy or insolvency of the City) or termination for convenience by the City;

(c) Termination due to prolonged force majeure (i.e. any force majeure event preventing the performance by Ketchikan Port Solutions, LLC of any material obligation under the Agreement for a period of more than twenty-four (24) consecutive months).

In all cases, the Agreement shall provide a formula to calculate the compensation payable to Ketchikan Port Solutions, LLC where the Agreement is terminated. The formula could refer to the net asset value, value of the investments or other parameters to be agreed between the parties and approved by the lenders in principle. In any case, the termination compensation shall at least be equal to the outstanding debt raised by Ketchikan Port Solutions, LLC.

9) Indemnification

Ketchikan Port Solutions, LLC would like to offer a more balanced and fair indemnification regime as follows which will replace all indemnification obligations under the Agreement:

(a) Ketchikan Port Solutions, LLC's indemnification obligations shall be limited to bodily injury, sickness, disease or death of any person or damage to or loss of any property arising out of arising out of the management and operation of the port or any breach of contract or statutory duty, except to the extent attributable to any negligence, wilful misconduct or breach of the Agreement by the City, its officers, directors, employees and agents. In any case, the maximum liability of the Ketchikan Port Solutions, LLC under the Agreement shall be limited to and shall not exceed such amounts of insurance coverage the Ketchikan Port Solutions, LLC is required to obtain pursuant to the Agreement.
(b) If the City is entitled to recover any proportion of the losses against which it is indemnified under the insurance required to be maintained by Ketchikan Port Solutions, LLC under the Agreement, the City shall make a claim against such insurance. Our liability shall be reduced by the amount recovered by the City under such insurance and such amount shall be reimbursable by the City to Ketchikan Port Solutions, LLC against sums received pursuant to indemnification clause.
(c) Ketchikan Port Solutions, LLC shall not be liable to the City for any loss of profit, loss of contract, loss of product or business interruption or loss of use, or for any indirect or consequential losses, special, punitive or exemplary damages suffered by the City arising out of or in connection with the Agreement.

10) Change in law

Ketchikan Port Solutions, LLC recognizes it cannot restrict the constitutional rights of the City to amend an existing City Ordinance at any time. However, we must ensure that the City Ordinance, with respect to fees chargeable at the port cannot be revoked as any such possibility of revocation may jeopardize the financing of the Project and operation rights of Ketchikan Port Solutions, LLC. Therefore, any change in law (e.g. revocation or amendment of the corresponding City Ordinance) affecting Ketchikan Port Solutions, LLC's rights adversely should be dealt under a market-standard "Change in Law" clause and consequences thereof should be addressed accordingly.

Please note that Ketchikan Port Solutions, LLC has not prepared a mark-up to the Agreement but intended to provide high-level comments. If requested, Ketchikan Port Solutions, LLC will provide a detailed mark-up to the Agreement.