



THE OLYMPIA
COMPANIES

September 28, 2007

City of Portland City Council
C/o Ms. Ellen Sanborn
389 Congress St.
Portland, ME 04101
E-mail: els@portlandmaine.gov

VIA ELECTRONIC MAIL ONLY

Re: Maine State Pier – Mega Berth

Dear City Councilors:

We are pleased that you have taken the opportunity to more fully investigate the possible inclusion of development of the Ocean Gateway Mega Berth as part of the Maine State Pier RFP. We referenced development of the Mega Berth in our original RFP submission dated February 22, 2007, and have maintained an overt willingness to consider its inclusion in this RFP process. It's proximity to the Maine State Pier naturally lends to an integration of the deep water capabilities and operations of the two facilities.

We are prepared to give very preliminary answers to the three questions, but to answer them more completely will take some more time. We believe a more comprehensive due diligence is required to address these matters in a substantive manner. We want the City to have confidence in our ability to live by what we say, as a result, we want to make sure our assessment is accurate and can be relied on.

To answer the questions fully, we have scheduled meetings with our engineering and architectural teams, as well as with Capitan Jeff Monroe. We realize that there is great pressure on the City to further this process along in an expeditious manner and we will try to move forward as quickly as possible, while maintaining our standards for accuracy and completeness. As you know we have expended vast human and monetary resources during this eleven month long process and have nothing to gain by its protraction.

Accordingly, we would request that the City allow us until Friday October 12 to complete our due diligence process. With a regularly scheduled City Council meeting on the

following Monday, we believe that this would be an appropriate deadline. Our initial analysis of the questions follows:

1. What level of investment in the construction of the megaberth are you willing to consider?

We are willing to consider fully building out the megabirth and to working with the City to devise an appropriate management plan under federal and state guidelines. Obviously this will change the economics of the pier itself. We need to better understand the commercial opportunities for both the pier and the megabirth.

2. If the megaberth is developed, what effect, if any, does this have on your financial investment in the Maine State Pier?

We will undertake engineering studies to determine whether we can save resources by limiting some of the pier work given the change in use. It is possible that such savings will be realized. In addition, with a mega-birth in place the need for homeland security and customs proscribed plans on the pier may change substantially. We may be able to make different use of that space and further open public spaces on a 24/7 basis.

3. If the megaberth is developed, how does this affect your proposed development and business plan for the pier and the entire project?

Incorporating the mega-birth may create more flexibility for enhancing public spaces and improving commercial development on the pier. We will need to review Maine and Federal law as well as Portland zoning regarding possible use of space and lay-out of future development.

Please understand that the above answers are preliminary and that we will endeavor to provide you with a thorough and complete response by October 12.

If you have any questions, please contact me at your earliest convenience.

Sincere Regards,



Kevin P. Mahaney
President & CEO