Port Rating Case Studies

American Association of Port Authorities - Finance Seminar

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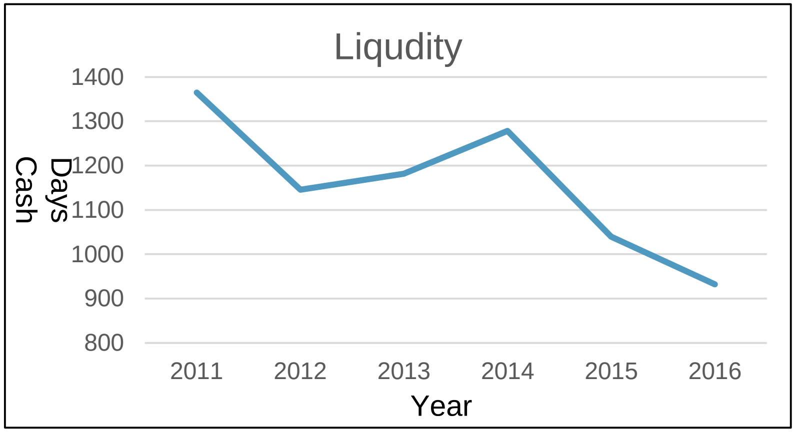
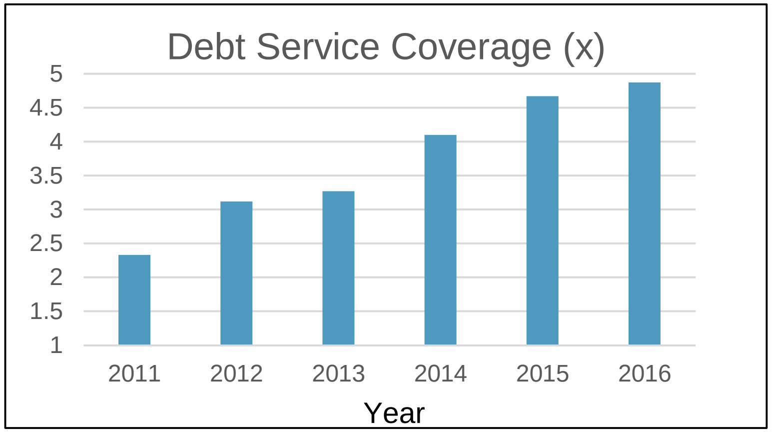
S&P Global Ratings

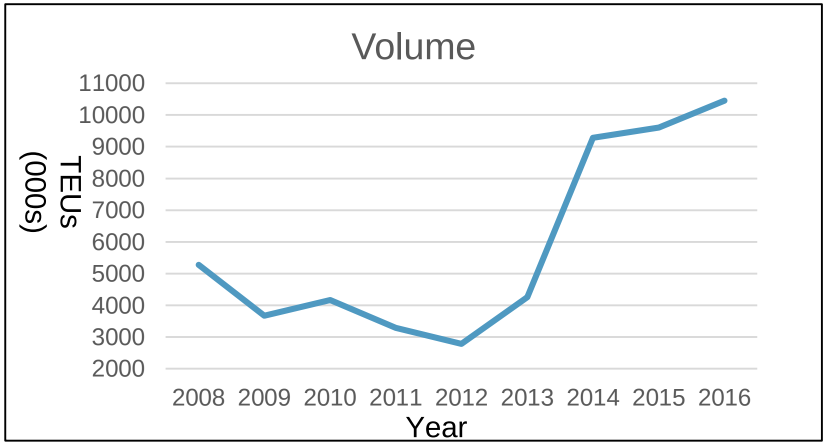
Port of Greater Baton Rouge – Raised

- Rating raised from ‘BBB’ to ‘BBB+’ November 2016
  - Reflective of the port’s:
    - Consistently strong debt service coverage
      - Some volatility but over 3x annually since 2011 and 4.87x in fiscal 2016
      - Despite volatile revenues where annual change has been as high as 18% and low as -18% year-over-year
    - Sustained strong liquidity
      - Over 900 days unrestricted days cash on hand for the last decade and mitigates volatility risk for a smaller port
    - Limited capital needs with no additional debt plans in the near future
  - Offset by the port’s:
    - Relatively small operations
      - More vulnerable to economic factors affecting imports and exports, resulting in tonnage volatility historically
    - Competition from larger ports nearby
      - Ports of New Orleans and South Louisiana

Key Metrics – Port of Baton Rouge





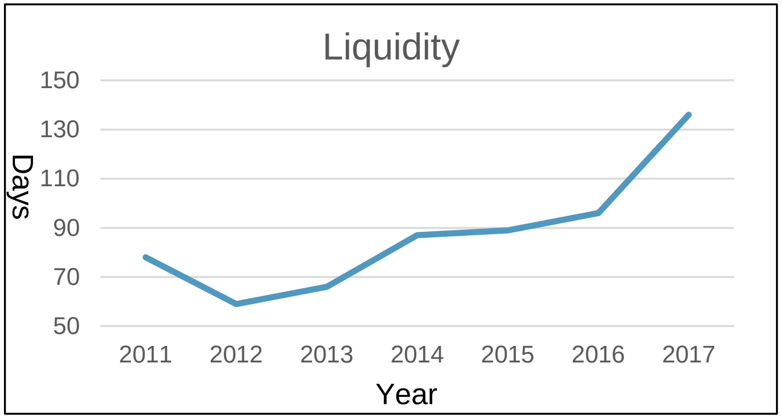


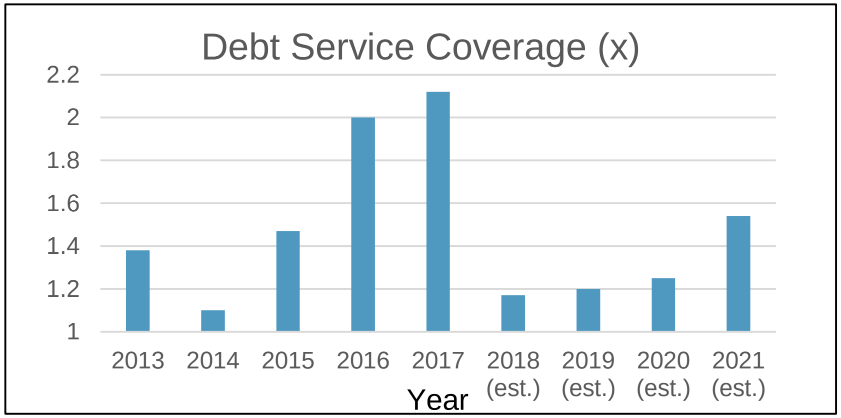
S&P Global Ratings

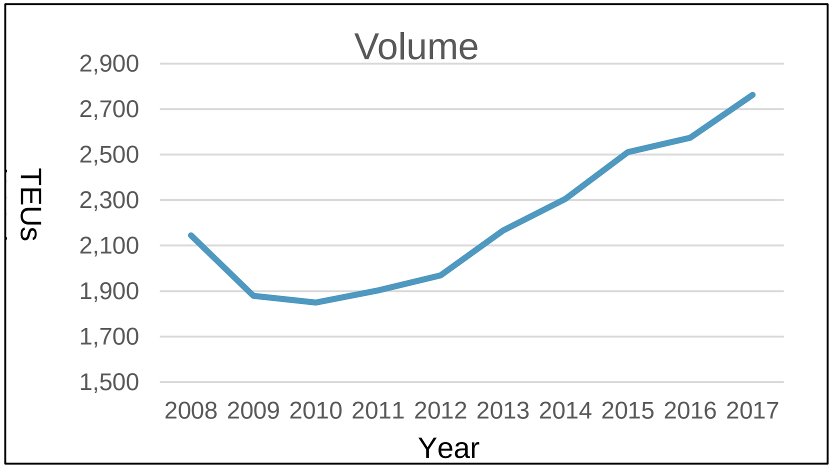
Virginia Port Authority – Lowered

- Rating lowered to ‘A’ from ‘A+’ to October 2016
  - Reflective of the port’s:
    - Low near-term minimum debt service coverage levels
      - Bond debt service is subordinate to various lease, installment sale, and construction payments
        - Coverage includes the totality of all these obligations
        - Ranged from 1.34x-2.06x historically and forecasted to be near 1.20x from 2018-2020
      - Combined with ascending payment structure increases risk
        - Total obligation payments scheduled to increase from $43M in fiscal 2017 to $91M in fiscal 2021
        - Volume forecasted to grow 2%-6% annually
    - Historically weak liquidity position
      - Less than 200 days unrestricted days cash on hand for the last decade
  - Stabilized by the port’s:
    - Strong competitive position
      - Deep channel port with a central location on the East Coast
    - Good carrier and commodity diversity
      - No single carrier responsible for more than 17% of container volume

Key Metrics –Virginia Port Authority







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