



AAPA Port Real Estate Issues Workshop

September 18, 2018



**PORT OF OAKLAND
SEAPORT**

AAPA



**American Association
of Port Authorities**

Seaport Facilities Map

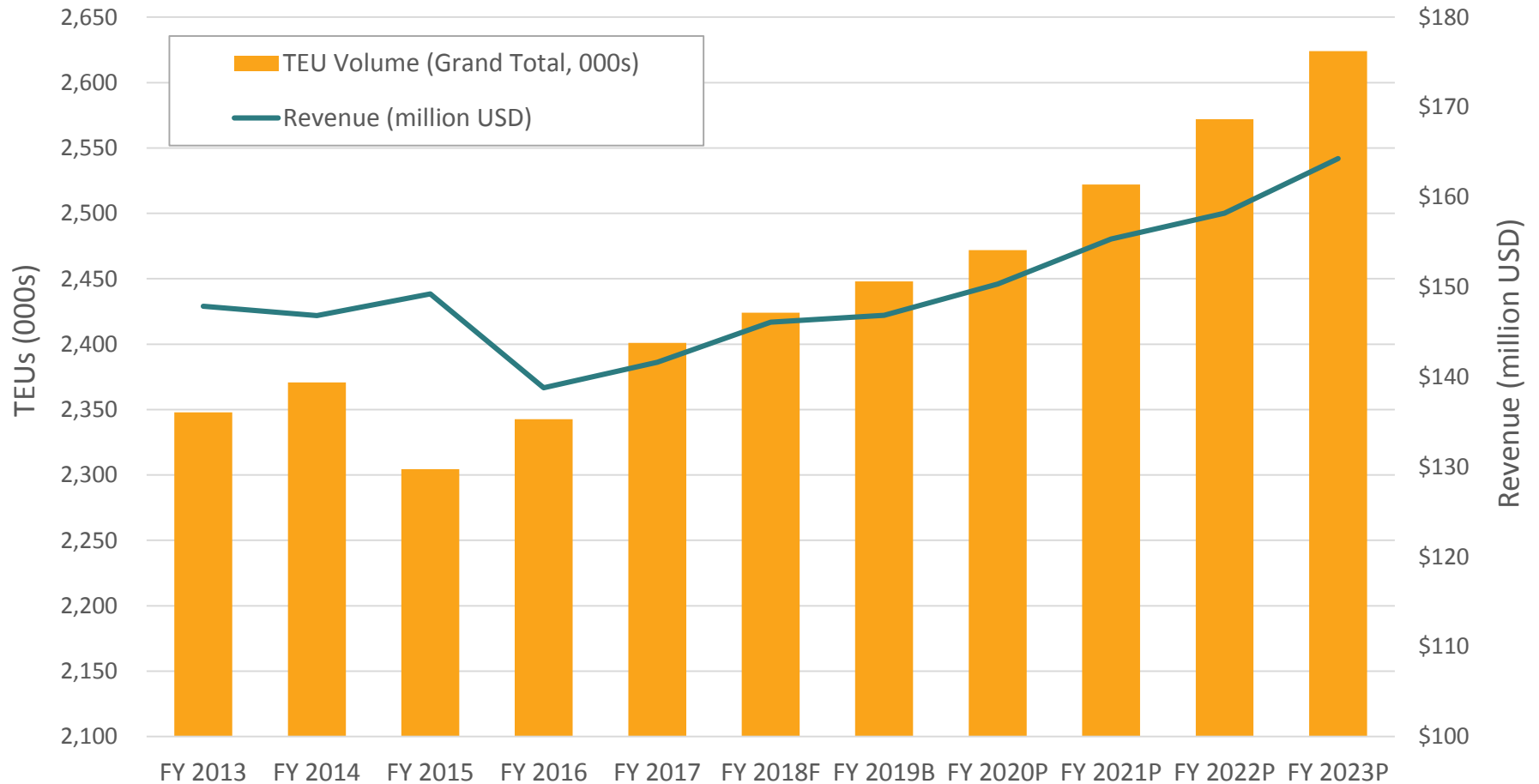


Port of Oakland Seaport **by the Numbers**

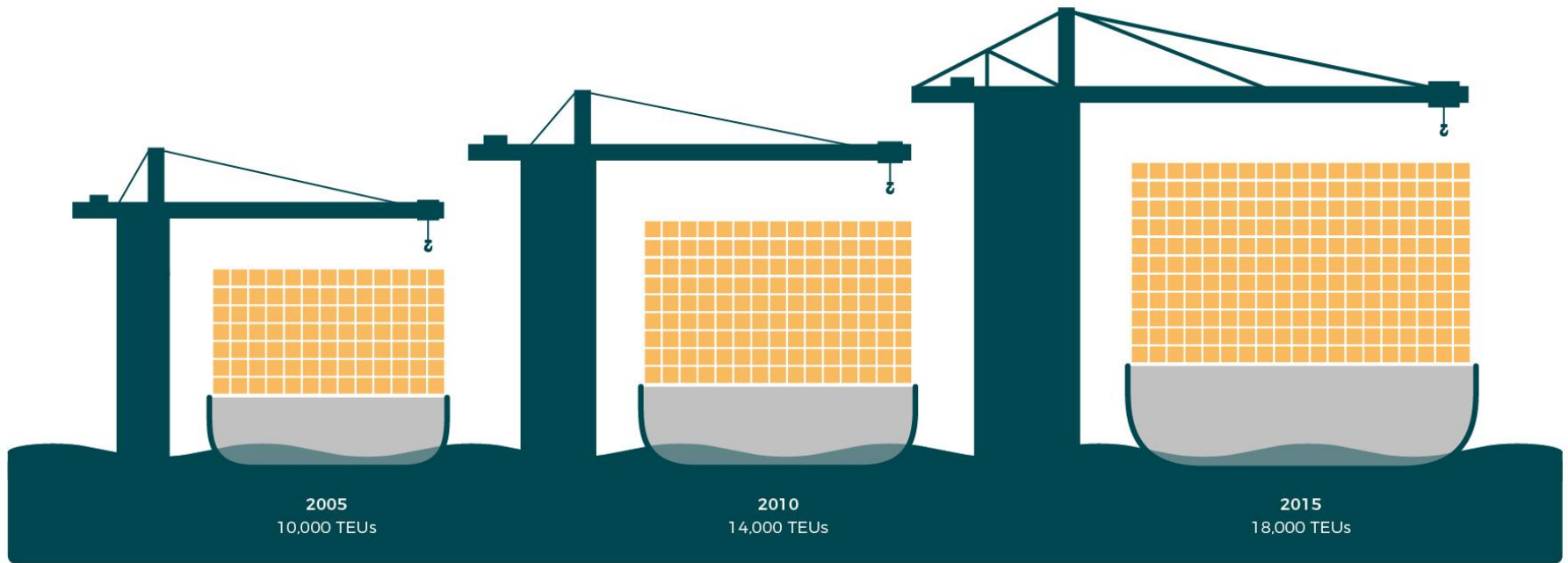
- **4 marine terminals** in operation
- **3 terminal operators** – SSAT, Everport & TraPac
- **33 Cranes** of which 23 are Port-owned
- **2.42 million TEU** handled in 2017
- **20 ocean carriers** with service to/from Oakland
- **1,600 vessel calls** in 2017

Volume Trends

Revenue & Volume Trends
Fiscal Year 2013 - 2023

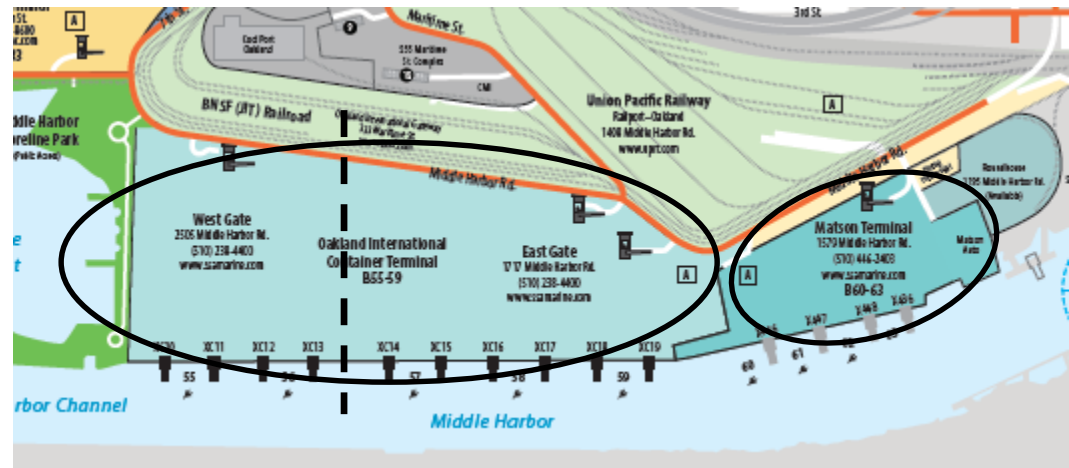


Vessel Size & Infrastructure Demands



Oakland Intl Container Terminal (OICT)

- Leased & operated by SSAT (Oakland), LLC
- **2nd busiest** container terminal in US (daily gate moves)
- Handles 60% of Port-wide cargo; largest terminal
- Leases first executed in 1999-2000; extended and amended several times
- In 2013, OICT absorbed adjacent terminal:
 - 271 acres & 5 berths
 - Expiration June 2022
- SSAT also leases another terminal



OICT 2018 Lease Amendments

- **Recent (2013-2017) amendments covered:**
 - Crane raise & purchase
 - Combined compensation provision
 - Modernize certain standard terms; remove antiquated terms
 - Memorialize certain agreements (e.g., FMV adjustments)

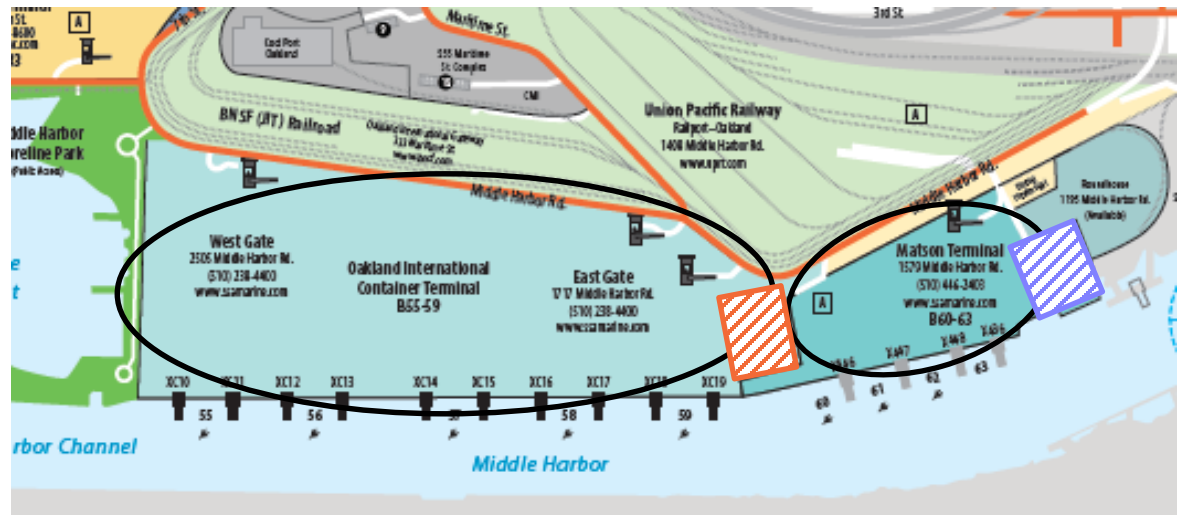
- **2018 Amendments**
 - Negotiations began in 2016; completed in 2018
 - Key objectives of negotiations for the 2018 lease amendments:
 - Revenue growth, stability, predictability
 - Minimize Port cash/debt for maintenance & investment
 - Ensure adequate facilities to serve ocean carriers & grow cargo

OICT 2018 Lease Amendments – Key Terms

- Term extension + options
 - Manage debt-related encumbrances
- Eliminate short-term use of adjacent parcels
- Exclusive negotiation rights on other properties
- Pre-set rent adjustments
 - FMV, inflation, etc.
- No cargo “transfers”
- Financing for crane raising
 - Pay back period, interest, etc.
- Requirement to buy cranes
 - Quantity, deadline, buy-back rights, removal
- Transfer pavement maintenance
 - Transition period
- Environmental requirements
 - Grants
 - Future “laws”
 - “Best efforts”



- Limited 1st right of negotiation on available marine terminal property
 - Limited uses
 - Approx. 150 acres
- Convert adjacent parcels to long-term use
 - 19 and 13 acres, respectively



Innovative Thinking (where possible)

Port Administration

- Market position
- Tenant/revenue portfolio
- Resources available to:
 - Actively manage leases
 - Act as “developer”
- Keep it simple
- Role of the Port Tariff(s)
- Port ‘mission’

“Policy” Considerations

- Should port be a lender?
- Maintenance
 - What, who, when?
- Should the port own cranes?
- Stance on “extra” environmental requirements
- Core Port functions

Other Considerations

- Trade off between certainty & upside potential
- Locking in property vs. flexibility
- Granting exclusive rights to other properties



<https://youtu.be/lwo3736HuxM>



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