

PRESENTATION TO:

**PORT ADMINISTRATION AND LEGAL ISSUES SEMINAR
STRUCTURING LEASE PROVISIONS**

*DEALING WITH CRUISE TERMINAL DEALS AND
LEASE AGREEMENT IMPACTS ON STRATEGIC VISION PLANNING*



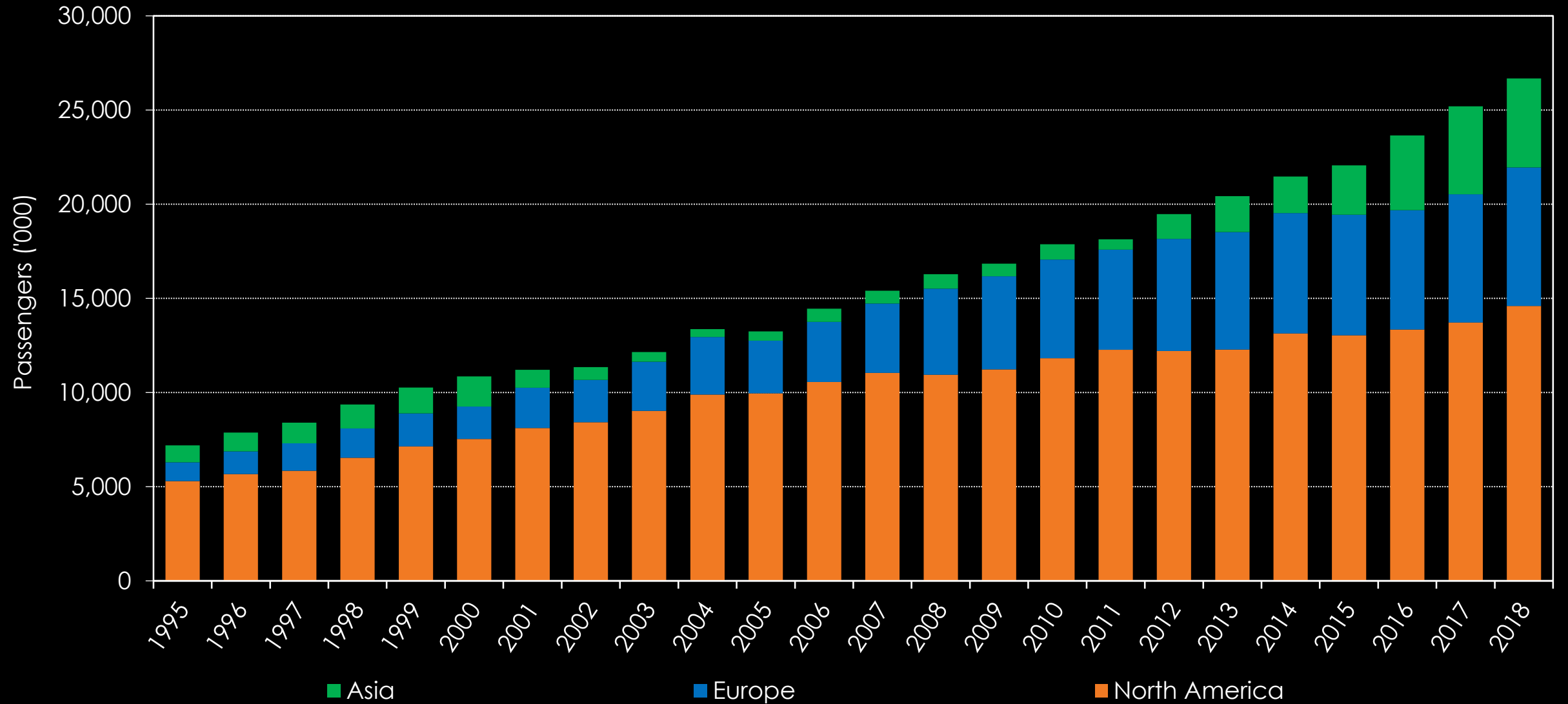
PORT MASTER PLANS WORLDWIDE

MASTER PLANNING EXPERIENCE

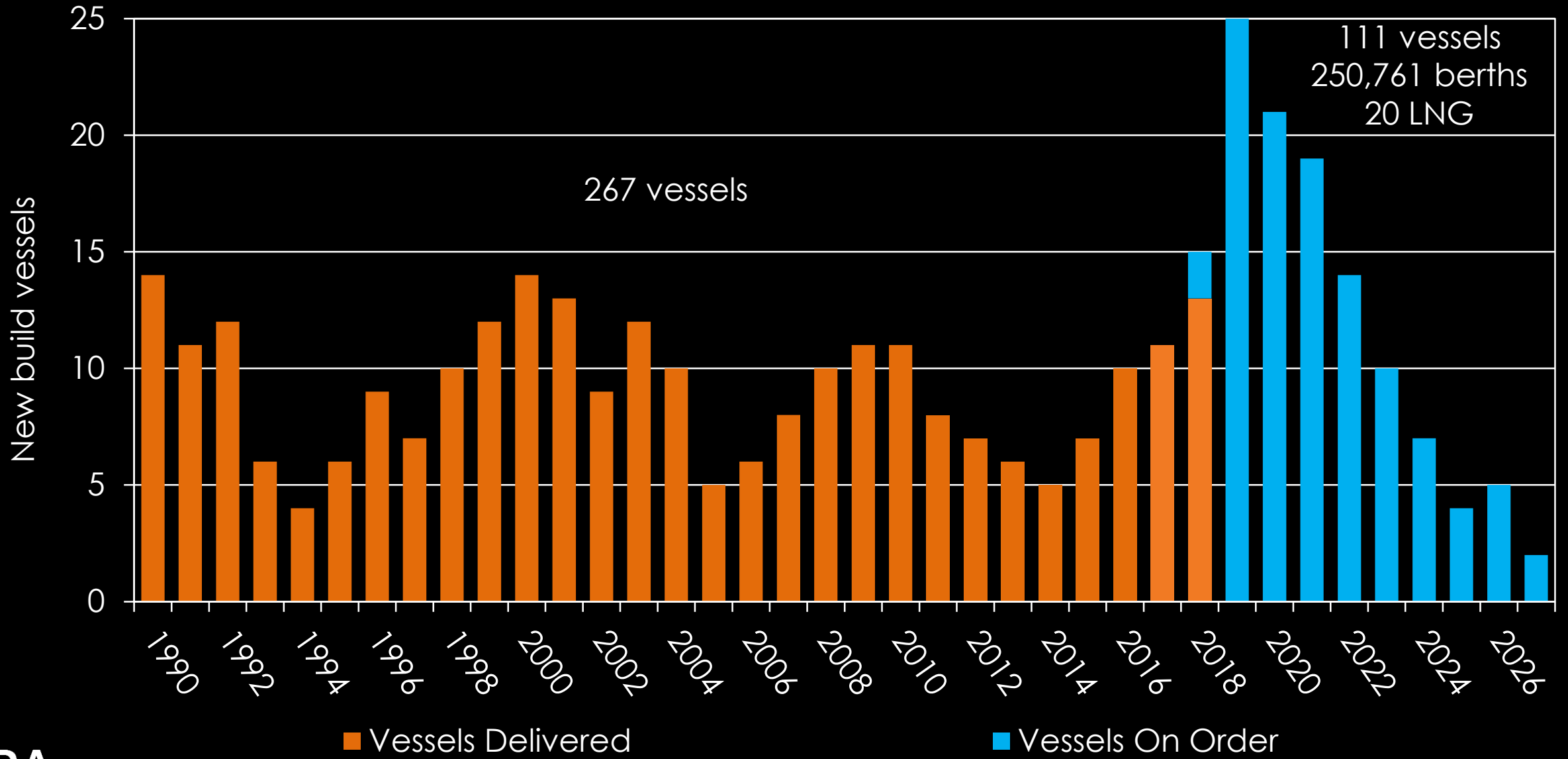
- PORT OF GALVESTON MASTER PLAN (ON-GOING)
- PORT EVERGLADES STRATEGIC MASTER PLAN (ON-GOING)
- PORT MIAMI STRATEGIC PLANS (2008, 2012, 2017)
- PORT CANAVERAL CRUISE MASTER PLAN 2014
- PORT CANAVERAL STRATEGIC MASTER PLAN (2017)
- PORT TAMPA BAY CHANNELSIDE MASTER PLAN (2015)
- JAXPORT MASTER PLAN (2013)
- SINGAPORE MARINA BAY MASTER PLAN (2017)
- PORT OF SEATTLE PIER 66 MULTI-USE CRUISE FACILITY & MASTER PLAN (2017)
- PORT OF SAN DIEGO - GENERAL PLANNING AND FINANCIAL FEASIBILITY (2004-PRESENT)

RECENT CRUISE DEALS AND STRUCTURES

WORLDWIDE CRUISE PASSENGERS



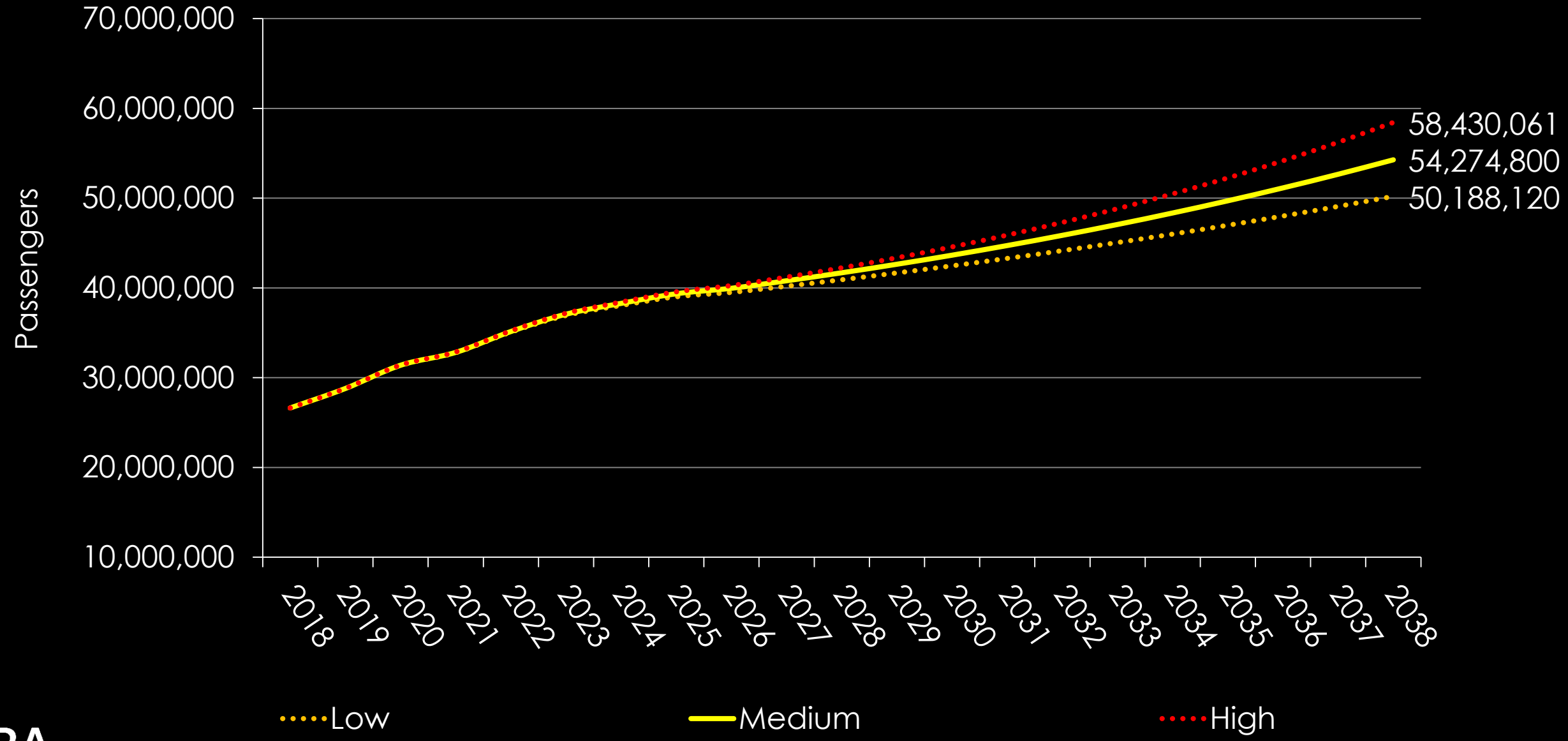
CRUISE VESSEL DELIVERIES AND ORDERS



AVG. PAX PER SHIP BY YEAR OF CONSTRUCTION, 1999 – 2019



GLOBAL FORECAST



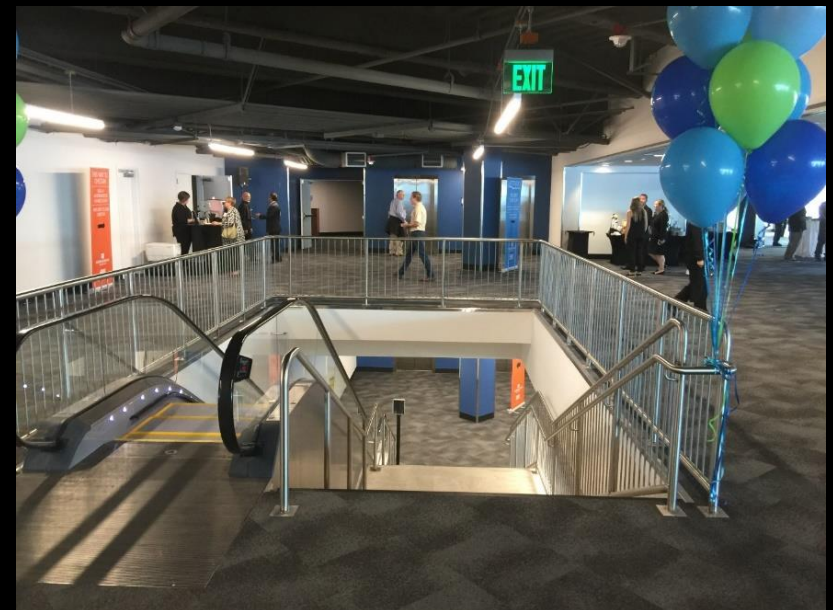
MIAMI / RCCL TERMINAL A – CRUISE LINE INVESTMENT ON LAND LEASE

- GROUND LEASE (20 YEARS PLUS 4 10-YEAR EXTENSIONS) 60 YEARS
- FINANCE, DESIGN, BUILD, OPERATE, MAINTAIN
- MUST KEEP 20% OWNERSHIP IN DEVELOPMENT COMPANY



SEATTLE PIER 66 – NCL – 50-50 PARTNERSHIP WITH PORT

- LEASE (PORT MAINTAINS OWNERSHIP) 15 YEARS PLUS 5
- NCL EXCHANGING THROUGHPUT GUARANTEE FOR INVESTMENT
- SPLIT \$30-MILLION IN FACILITY UPGRADES FOR BLISS PLUS





- CARNIVAL CORP

- CARNIVAL
- PRINCESS
- HOLLAND AMERICA
- P&O CRUISES
- COSTA CRUISES
- CUNARD

- RCCL

- CELEBRITY
- RCI

PORT EVERGLADES TERMINALS
2, 4, 18, 19, 21, 26

FUNDED DIRECTLY BY THE COUNTY
WITH MAXIMUM REVENUE / PAX
THROUGHOUT GUARANTEES

PEV 25 – CELEBRITY – GUARANTEE TO SUPPORT INVESTMENT BY COUNTY

- COUNTY - \$100-MILLION INVESTMENT
- DUE TO TIMELINE – RCCL BID CONTRACTOR / PM
- 20-YEAR TERM WITH THROUGHPUT REVENUE GUARANTEE



CARNIVAL - LONG BEACH — PRIVATE INVESTMENT UNDER A LEASE



CANAVERAL T3 - CARNIVAL

- COUNTY - \$150-MILLION INVESTMENT
- 25-YEAR PRIMARY TERM WITH FOUR ADDITIONAL FIVE-YEAR RENEWAL OPTIONS
- MINIMUM ANNUAL GUARANTEE FROM \$7 MILLION TO \$14.5 MILLION PER ANNUM



MIAMI / NCL B – COMPLEX DEAL



- COUNTY - \$100-MILLION INVESTMENT (DESIGN, FINANCE, BUILD AND MAINTAIN)
- 1.3 MILLION NCL MAG PLUS OTHER INCENTIVES
- \$24 MILLION IN GROSS REVENUES FROM 2018 PER ANNUM

OPTIONS FOR DEALS

COMBINATIONS

	OWNERSHIP	INVESTMENT	OPERATIONS
PORT	PORT	PORT	PORT
CRUISE LINE v1	PORT	CRUISE LINE	CRUISE LINE
CRUISE LINE v2	PORT	CRUISE LINE	OPERATOR
OPERATOR	PORT	OPERATOR	OPERATOR
DEVELOPER	PRIVATE ENTITY	PRIVATE ENTITY	OPERATOR

CRUISE LINE LEANINGS

- SOME CRUISE LINES ARE LEANING TOWARD “CONTROLLING THEIR OWN DESTINY” BY BUILDING AND OPERATING THEIR TERMINALS
- OTHERS DO NOT DO SUCH A DEAL AS THEY WANT TO PAY MARKET RATES
- OTHERS DO NOT LEAN TO INVEST, BUT ARE ACTIVELY TRYING TO TIE DOWN BERTHS
- OTHERS WANT TO TIE DOWN BERTHS, BUT USE CONSTRUCTION DEBT TO FINANCE IMPROVEMENTS

THIRD PARTY OPERATOR STATE-OF-THE-INDUSTRY

- MOST TERMINAL OPERATORS ARE RELUCTANT TO TAKE BIG RISKS AND WOULD MOST LIKELY DEMAND MINIMUMS
- A NEW TYPE OF TERMINAL OPERATING COMPANY IS EVOLVING THAT HAS AN APPETITE FOR RISK AND UNDERWRITING
 - SOME OPERATORS ARE LOOKING TO MAKE MONEY BY VERTICALLY INTEGRATING THE BUSINESS MODEL (NO FIXED FORMULA, BUT WILL TRY TO ROLL IN AS MUCH AS IT CAN UNDER ITS UMBRELLA)
- THE MORE RISK THE OPERATOR TAKES THE LESS REVENUE THE PORT WILL RECEIVE
- THE MORE RISK INVOLVED THE LOWER NUMBER OF BIDDERS
 - FIRMS THAT MIGHT OFFER THE LOWEST COST MIGHT BE DISCOURAGED FROM BIDDING

PUBLIC POLICY

- IS IT A SINGULAR ASSET OF THE COMMUNITY?
- WATERFRONT IS VIEWED BY MANY AS SOMETHING TO BE HELD IN THE PUBLIC TRUST
 - PUBLIC ACCESS AND WATERFRONT INTEGRATION
- ARE THE PRIVATE AND PUBLIC SECTOR GOALS ALIGNED?
 - PRIVATE – PROFIT
 - PUBLIC – ECONOMIC IMPACT
- HOW DO THE CUSTOMERS (LINES) REACT?
- CONSIDER THE LONG-TERM IMPACTS

AGREEMENT IMPACTS ON PLANNING

STRATEGIC MASTER PLANNING

- LOOKS OUT OVER A 20 TO 30-YEAR HORIZON TO ACHIEVE A VISION
- WITHIN THAT TIMEFRAME PROJECTS ARE DEVELOPED TO ACHIEVE THE VISION
 - IMPLEMENTATION IS DONE OVER TIME
 - BASED ON A SET OF PRINCIPLES – ROI, ECONOMIC IMPACTS, JOBS
 - DRIVEN BY THE MARKET – CARGO, CRUISE, COMMERCIAL

PORT CANAVERAL



- 1 JETTY PARK
- 2 BOAT RAMP
- 3 CT 2-3
- 4 CARGO AREA
- 5 CT 1
- 6 GEORGE KING BLVD
- 7 THE COVE
- 8 PORT CENTRAL
- 9 EXPANSION PARCELS
- 10 MARINA DISTRICT
- 11 SERVICE VESSELS BERTH
- 12 CT 10
- 13 CT 8
- 14 CT 5
- 15 SPACEPORT
- 16 GENERAL CARGO
- 17 PETROLEUM TERMINAL
- 18 BULK AREA CONSOLIDATION
- 19 POTENTIAL LNG AREA
- 20 CT 6
- 21 DEVELOPABLE PARCELS
- *POTENTIAL AQUARIUM SITE

CHANNELSIDE WATERFRONT

MARINA DISTRICT

CENTRAL WATERFRONT

PARK DISTRICT

CRUISE DISTRICT



PORT EVERGLADES MASTER VISION PLAN GUIDING PRINCIPLES

– INCREASE EFFICIENCY

- INCREASE CAPACITY AND MINIMIZE TRUCK TRIPS/COSTS THROUGH OPERATIONAL IMPROVEMENTS
- CONSOLIDATE SIMILAR OPERATIONS/OPERATORS TO ACHIEVE HIGHER LAND USE / THROUGHPUT
- SEPARATE MODES OF TRANSPORTATION TO MINIMIZE TRUCK AND NON-TRUCK TRAFFIC

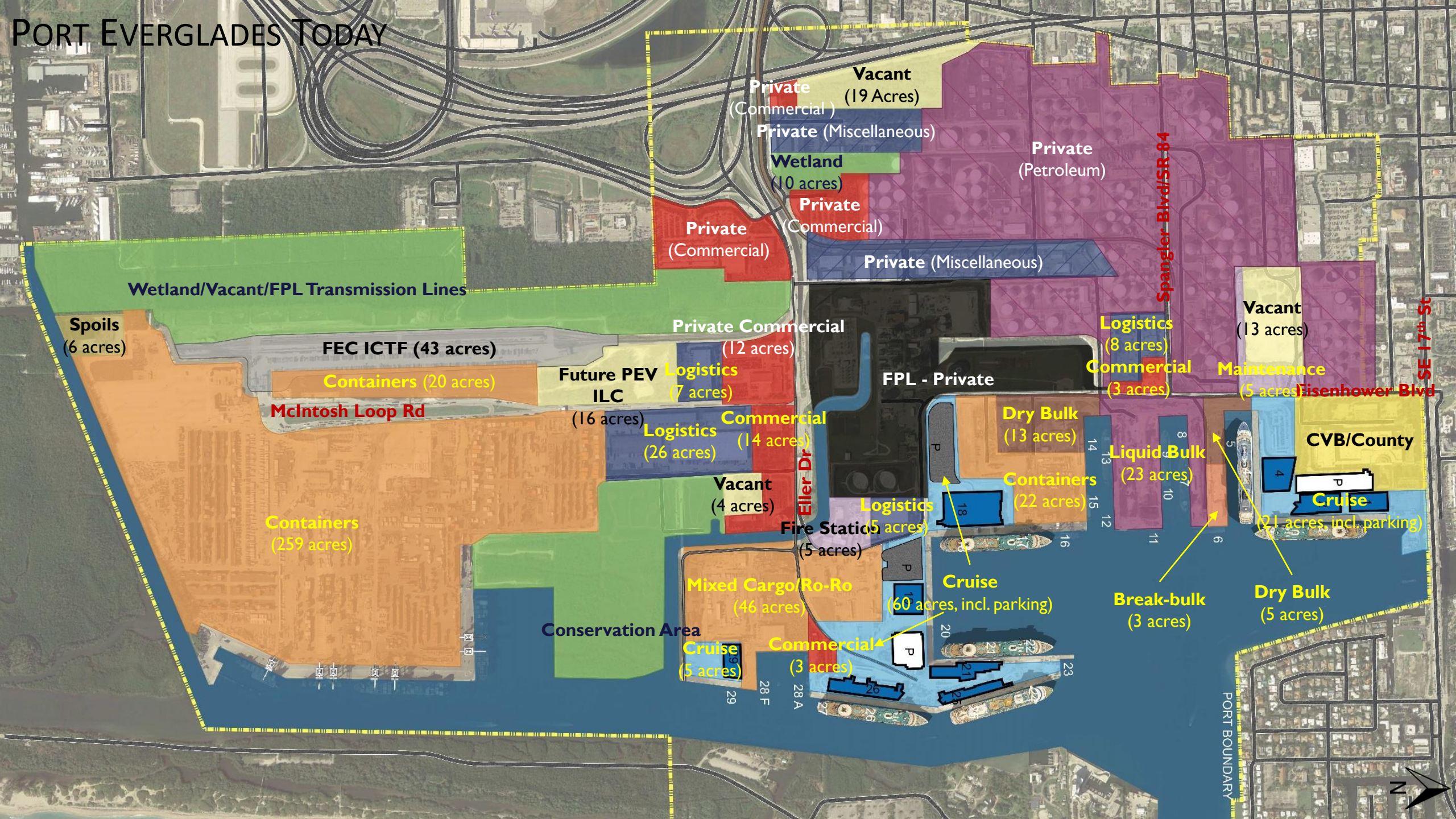
– PRESERVE FLEXIBILITY

- MEET FUTURE DEMAND WITHOUT PRECLUDING CHANGES IN MARKET CONDITIONS
- RECOGNIZE BERTHS ARE THE PRIMARY ASSET OF THE PORT
 - UPLANDS SHOULD BE CONFIGURED TO SUPPORT BERTH UTILIZATION
- TECHNOLOGY WILL DRIVE FUTURE OPERATIONS IN UNEXPECTED WAYS

– FACILITATE INTEGRATION

- WITHIN THE PORT
- BETWEEN THE PORT AND SURROUNDING AREA
- ACROSS THE BROADER SUPPLY CHAIN

PORT EVERGLADES TODAY



ACHIEVING THE VISION...

- TO ACHIEVE THE VISION...
 - THERE MUST BE AN ALIGNMENT OF PLANNING & BUSINESS PRACTICES
 - PORTS & USERS NEED TO UNDERSTAND THE FUTURE VISION
 - TIMING OF CHANGES (SUCH AS SOUTHPORT TURNING NOTCH) AND IMPACTS ON OPERATIONS
 - MODIFICATIONS / TERMINATION OF AGREEMENTS TO REACH THE VISION
 - BY EXAMPLE...
 - » PROVIDING EXTENSIONS
 - » MODIFYING LAND USE
 - » FINANCIAL TERMS

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