

# Port Infrastructure Financing



Capital Markets Update

Before the 1980's, service ports were mainly financed by the government.

With the advent of deregulation private sector involvement increased, resulting in privatization and equity investment.

As the importance of efficient and reliable delivery systems became more apparent, equity investors began to see ports as a valued asset.

However, there is still a category of port infrastructure for which it may be difficult to find private investors:

# BASIC LONG-LIVED INFRASTRUCTURE

Locks and Channels  
Coastal Protection  
Roads and Rails  
Dock and Wharfs ...

# FINANCING CHALLENGES

## Project Purpose

- productivity and politics

## Outcome Uncertainty

- cash flow
- dependability of revenue drives the ability to borrow

## Time Frame Alignment

- asset life vs. financing terms


# FINANCING CHALLENGES

- **Investment in Infrastructure has trended downward in recent years**
- **Real and Acknowledged need for Infrastructure Investment in the U.S.**
- **Change on the Horizon?**




# GOVERNMENT INFRASTRUCTURE PROGRAMS

- Federal Budget Tightening Programs
- Stimulus Programs and Local Mandates
- State and Local EDCs (Taxes)



# **Growing Dependence on Port Revenues for Capital Improvements and Infrastructure Projects**



# BOND / DEBT FINANCING

## Public Offering

Ratings

AMT / Non-AMT

Competitive Pricing

Credit Enhancement

## Private Placement

Negotiated Terms

Reserve Funds

Future Flexibility



# **BOND / DEBT FINANCING**

**Structures are Highly Variable –  
No “Cookie Cutter”**



# BOND / DEBT FINANCING

## Investors Are More Involved

credit analysis  
less reliance on rating agencies  
looking for greater value through risk/return

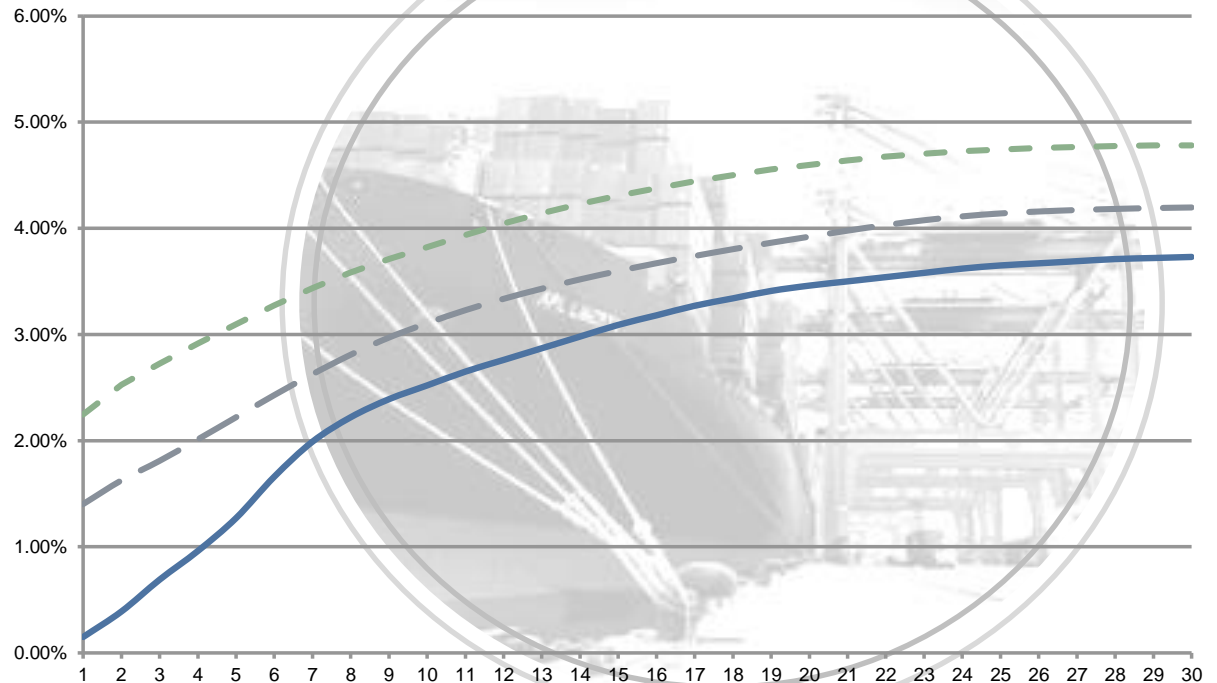
# CURRENT MARKET

## Supply vs. Demand

- current high bond duration has remained stable
- historically below the 10 and 20 year average
- investors willing to move further out on the yield curve

and place more value in risk/return (yield seekers)

Current  
10-Yr. Average  
20-Yr. Average

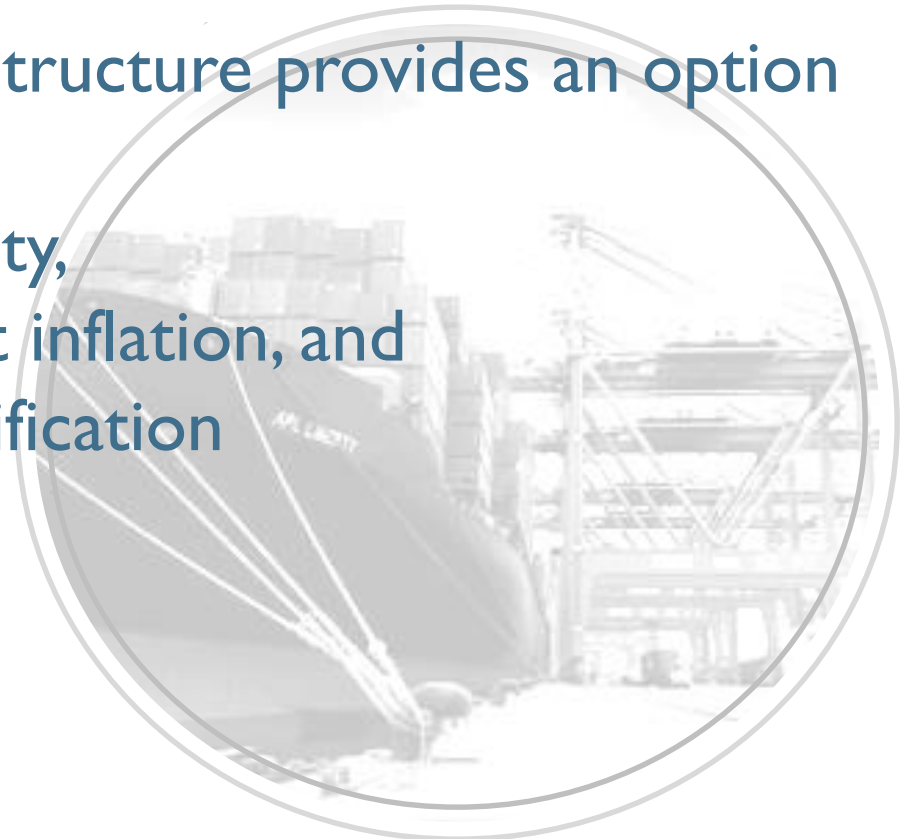


# CURRENT MARKET

As Real Estate continues to face Challenges ...

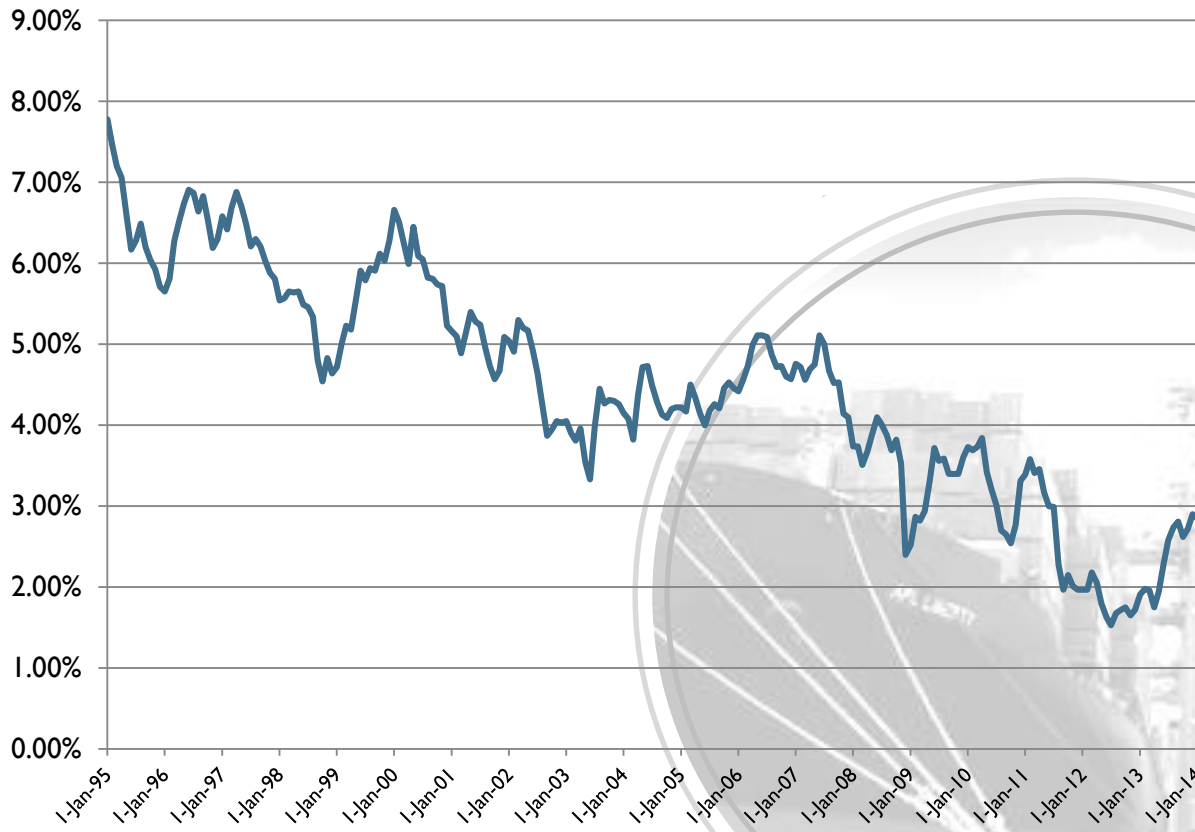
Investment in Infrastructure provides an option to

- manage volatility,
- protect against inflation, and
- provide diversification



# MARKET FORECAST

## 10-YR U.S. Treasury Rates



# MARKET FORECAST

*Disclaimer*  
~~Rising Rates!~~



Stabilizing Factors



Election Impact