



Intercontinental insight and investment in infrastructure

# New Capital for Your Port Infrastructure

## How to Find and Create a Great P3 in Your Port

by

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Chairman  
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"We haven't the money, so we've got to think"

Lord Rutherford



## Examples of IMG Rebel's port financings and PPPs





## IMG Rebel: Why port P3 finance is our business

- ◆ Infrastructure Management Group, Inc. (IMG) and Rebel Group BV were born in Washington, DC and Rotterdam, merged in 2013
- ◆ 150 worldwide staff devoted *exclusively* to infrastructure finance
- ◆ 50-50 balance of public advisory and investor representation, including some of the largest North American funds
- ◆ Over 120 global P3 transactions, including over 30 port transactions
- ◆ Many US P3 “firsts”:
  - ◆ the first US commercial airport P3
  - ◆ The first US toll road P3
  - ◆ The largest US water P3



IMG ЯЭBEL

When It Rain P3s





## Why P3s? What you should be looking to get.

1. **New Money:** Investor capital relieves demands on the Port's debt capacity and balance sheet; moreover, it is *motivated* capital
2. **Unlocking Potential:** Many PAs control valuable wet and dry assets that could be reconfigured to higher value through thoughtful P3s
3. **Risk Capital and Tenant Development Know-How:** Investors often take strategic project risks while relying solely on tenant credit
4. **Making Sure the Port Benefits:** PPP agreements can be structured to ensure private partner is motivated to serve the port's overall development strategy



## Investor Criteria: What they are looking for

1. **Rate of return** on the investment, and potential leverage ratio
2. **Stability and predictability** of cash flows (matters more than cost)
3. **Certainty** of construction and operating costs
4. **Lower Risk**: market, political risk, regulatory risk, and “late kill”
5. **Opportunities to add value** (and its impact on IRR)
6. **Attractiveness of project post-stabilization** to other investors with lower risk appetites





## Other investor considerations

1. Is it currently on the port master plan?
2. What is the competitive situation (regionally and within the port)?
3. Is there local opposition to the project that could delay it?
4. Have you discussed it with the Army Corps?
5. Are there major environmental issues?
6. Does the port control the ROW to the project?
7. Is it on port-owned property?
8. Is the project already permitted?
9. Is there a conduit for issuing industrial development bonds?





# IMG AEBEL

An aerial photograph of a port facility. A large gantry crane, with "Port of Portland" written on its side, is positioned over a container ship. The ship's deck is filled with stacks of shipping containers. The background shows a body of water and a distant shoreline under a hazy sky.

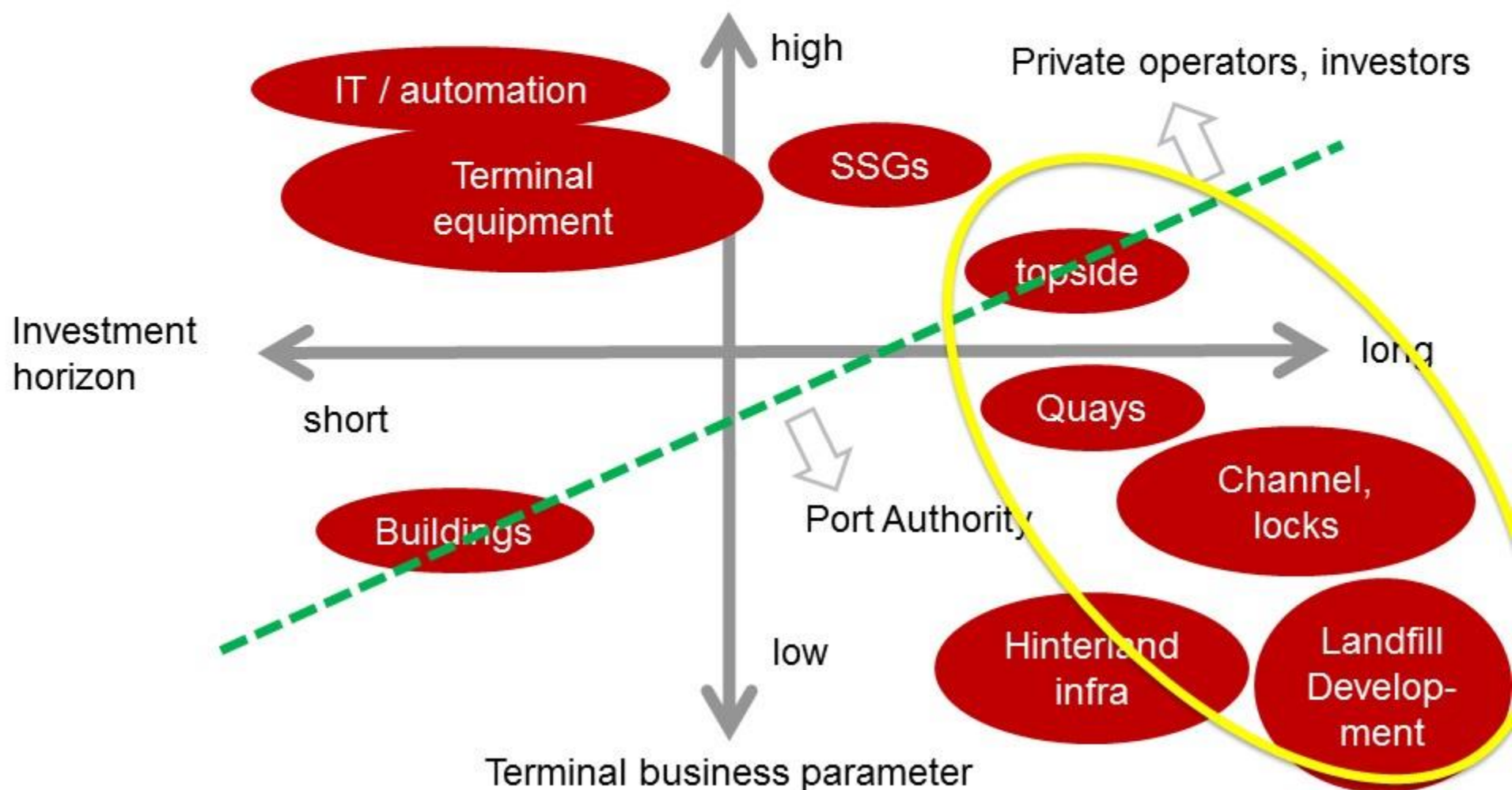
What and How





## Where the P3s play

*Tenants like to invest in assets with direct impact on their business, while PAs take a longer view, making them excellent partners for private infrastructure investors*





## Some great P3 opportunities

- Core port facilities
- Terminal support assets
- Quays and apron areas
- Rail branches and loops
- Berths
- Service and access roads
- Utilities and pipelines
- Transit sheds
- Access roads and bridges
- Storage and tank farm facilities
- Navigation: channel dredging and widening (WRDA of 2016)



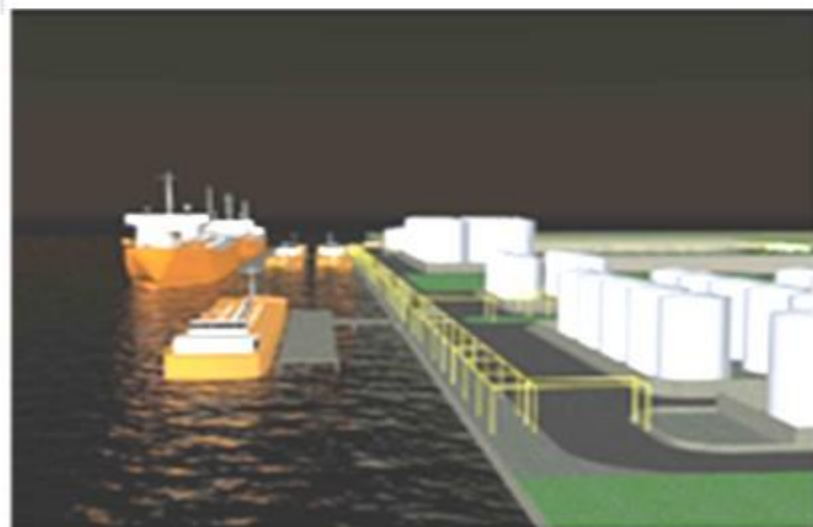




## IMG Rebel Case Study 1: Pushing risk to private operators

### An IMG Rebel Client Case Study: a new oil terminal in France

- **Typically**, the PA provides berthing area, land fill & jetty
- The “French” P3 approach:  
**Shift burden to private partner for jetty, dredging, land fill and rail, in return for a volume related discount on land lease fees**

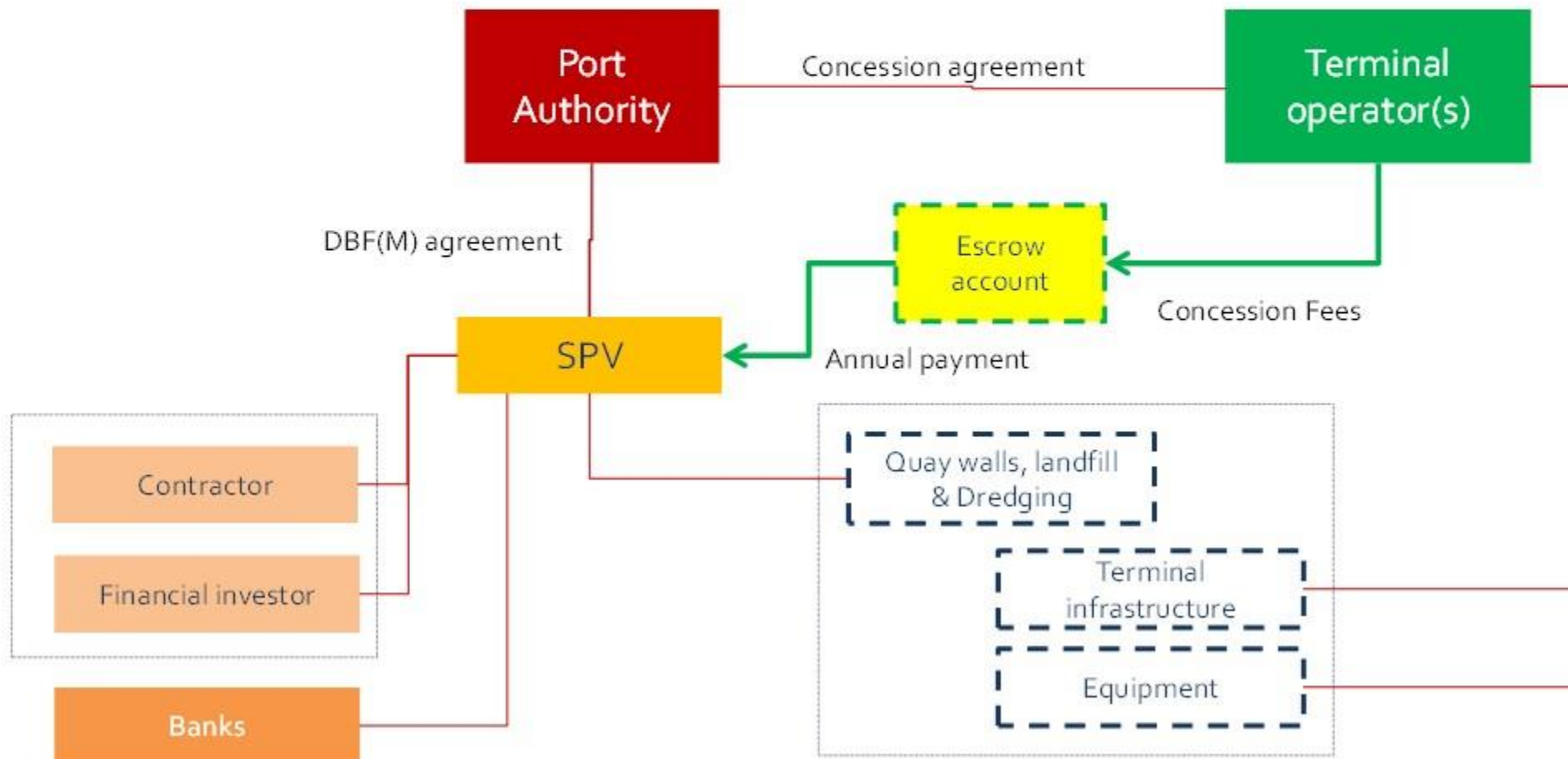






## Example Structure: transfers development risk to partner

- Development & finance of basis infrastructure for new container terminals
- Significant interest from private sector, focus on finance and risk allocation





## A Word About Navigation and Transit P3's

- **Nav improvements can make excellent P3s**

- Possible revenue sources:

- Ship and volume-based landing fees
- Rent from tenant improvements
- Rent and value capture from land development enabled with spoils
- Rent from land development via navigable finger channels
- Port-wide value capture

- Credit factors:

- Number and quality of tenants
- Base and upside of shipping volume
- Growth from newly-enabled commodities movement (e.g., oil, gas, petrochem)





# An IMG Rebel Case Study: "Availability Payment"

Ijmuiden lock complex of Port of Amsterdam, extension with new lock

- **Integrating** design, construction, and finance for 30 year deal
- **Payment** based on availability of the lock complex
  - Life-cycle risk transfer
  - Using the finance instrument as a means of risk allocation
  - High risk premium built into project price because of complexity





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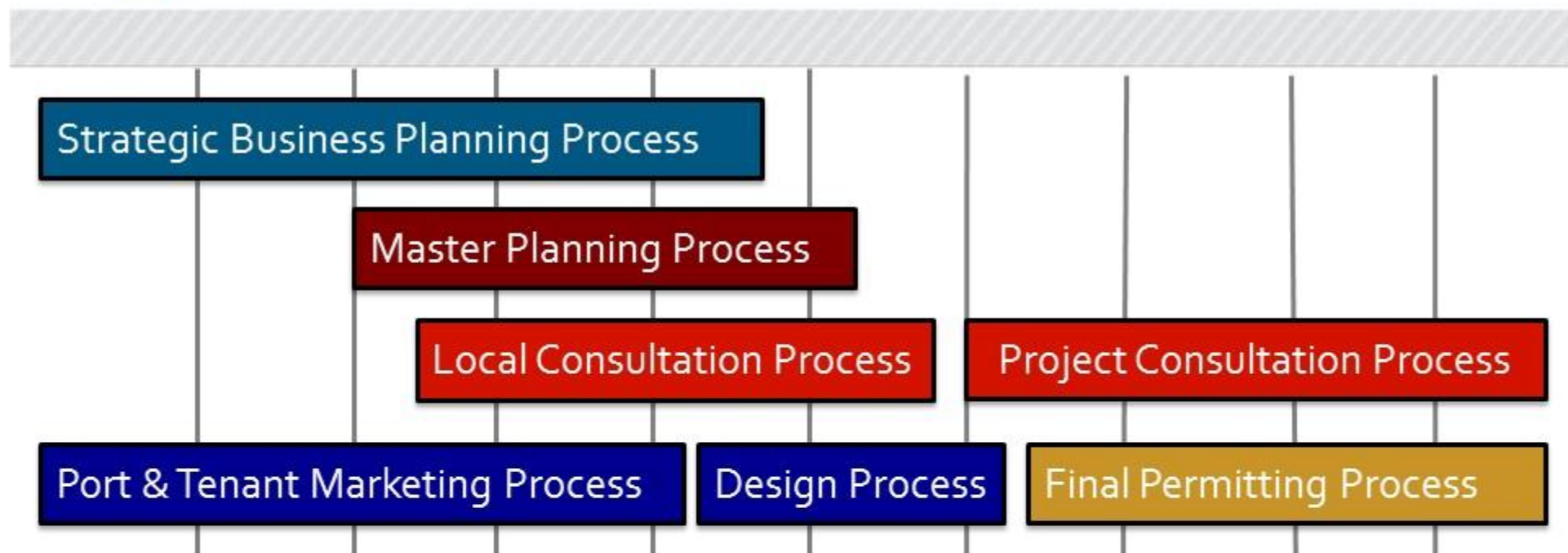


## Pheromones for private capital:

The keys to more and better  
investor partnerships



## Points of P3 sensitivity in your processes

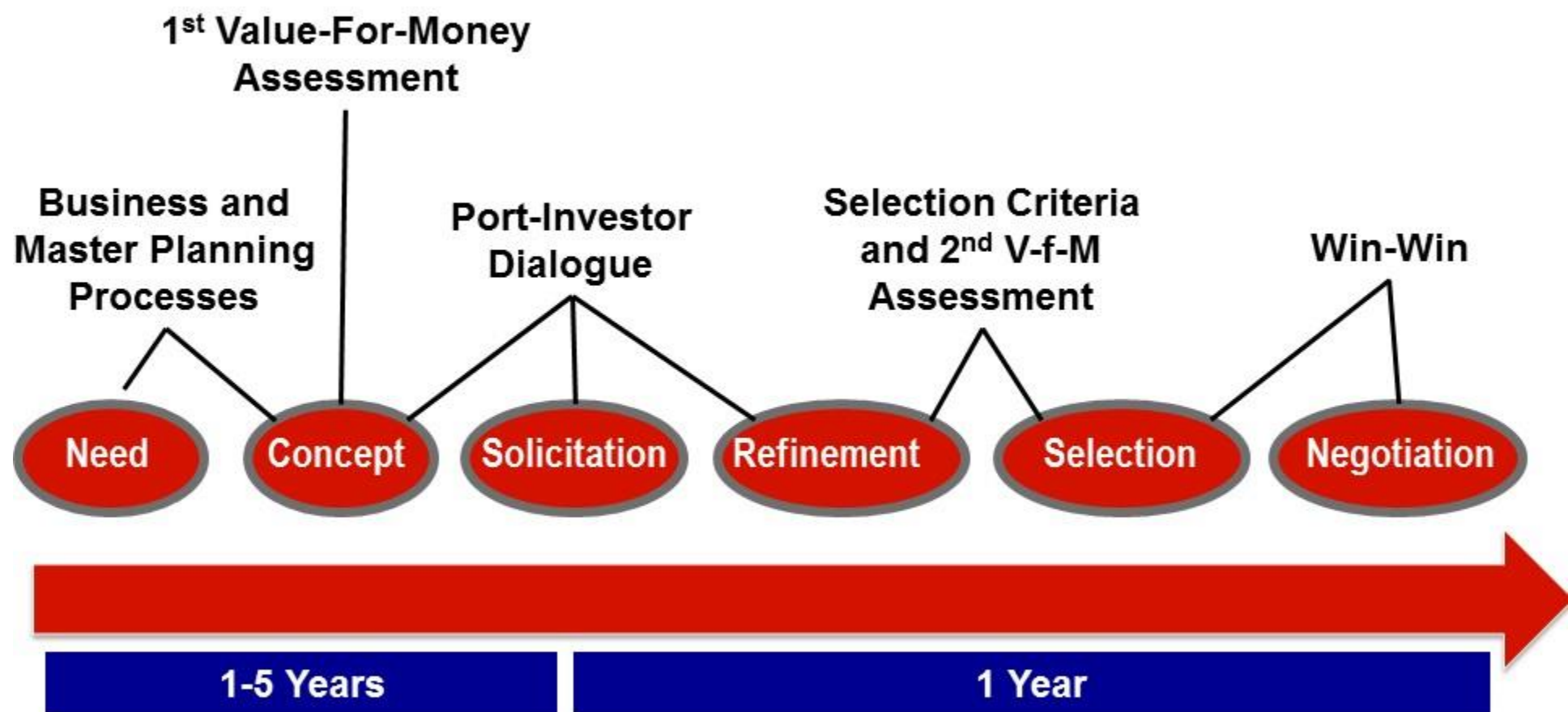


### KEY QUESTIONS:

1. At what points in the process should the Port consider P3 possibilities?
2. Where/how do marketing, tenants and infrastructure investors connect?
3. Which planning components need to change to improve P3 success?



## Needed: a clear path to engage investors







## Thinking about it? Port P3s 101

1. How P3s work
2. Who the investors and developers are out there
3. Examples of successful P3s that look just like yours
4. What projects in your Master Plan might be suitable for P3s
5. What P3 structure could work best for each of your needs
6. How to calculate whether a P3 is or is not better than your other options
7. What procedural changes you might need to make, if any?
8. How to ask the investors/partners for their ideas, and proposals
9. What a good P3 agreement looks like, and how to negotiate it



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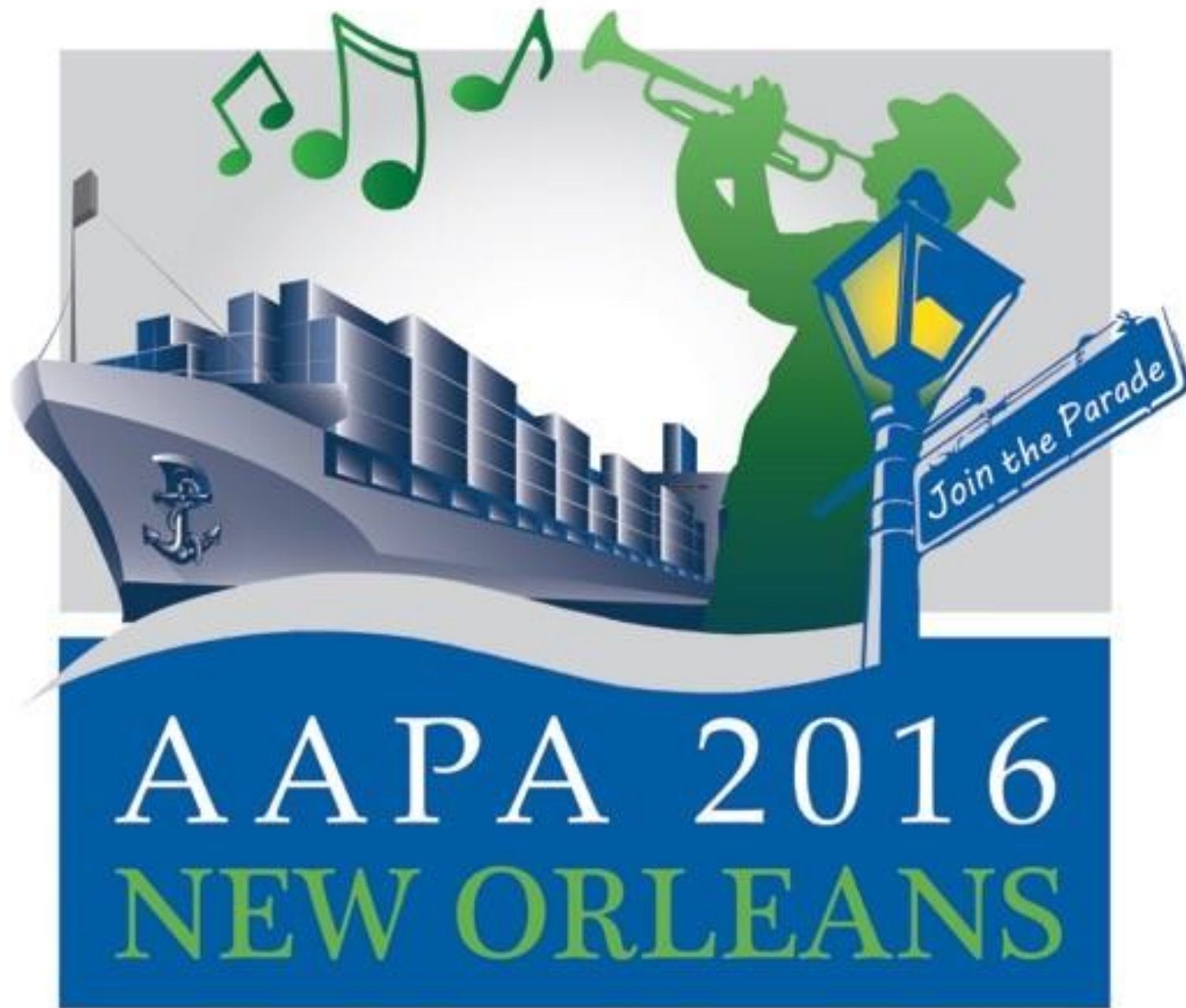
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