



Intercontinental insight and investment in infrastructure

New Capital for Port Infrastructure: What Private Investors Are Looking For In Your Port

by

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

Lord Rutherford



Today's agenda

- 
1. Billions in infrastructure capital, looking for a good home. Will you help?
 2. A broader look at port P3s
 3. Wanted: A little love, a doorway, and a proper path to marriage
 4. What you can and should do: 5 easy steps



Examples of IMG Rebel's port financings and PPPs





Why port investment is our business

- ✓ **IMG and Rebel Group we were born simultaneously in Rotterdam and Washington DC, merged in 2013**
- ✓ **150 staff fully devoted to infrastructure finance**
- ✓ **50-50 balance of public advisory and investor representation, as well as direct investment**
- ✓ **World-wide port development and investment expertise**
- ✓ **Extensive US multi-modal transportation finance experience, including many US P3 “firsts”**
- ✓ **Extensive strategy and agency process improvement experience**

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A Broader Take on Port PPPs





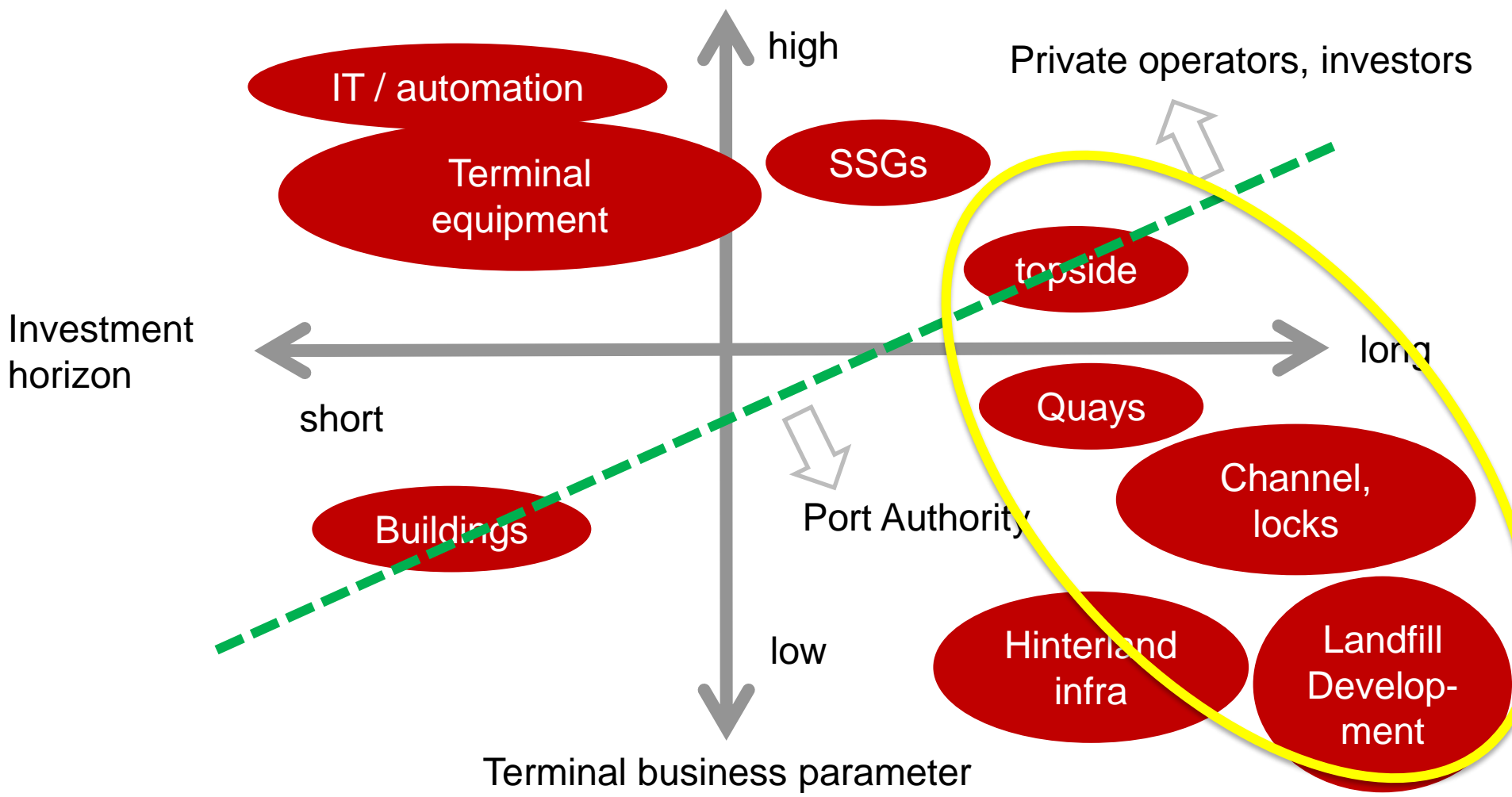
More investment, more growth and more good jobs

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 and redeveloped through private investment
3. **Risk Capital and Tenant Development Know-How:** Private partners are often able to (and accustomed to) take strategic infrastructure development risks under long-term PPP arrangements while relying solely on tenant credit
4. **Virtuous Revenue Cycle:** New high-wage employment and new tax revenue for the community, land rent for the PA, and more efficient facilities for port tenant



Making partners of PAs and infrastructure investors

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

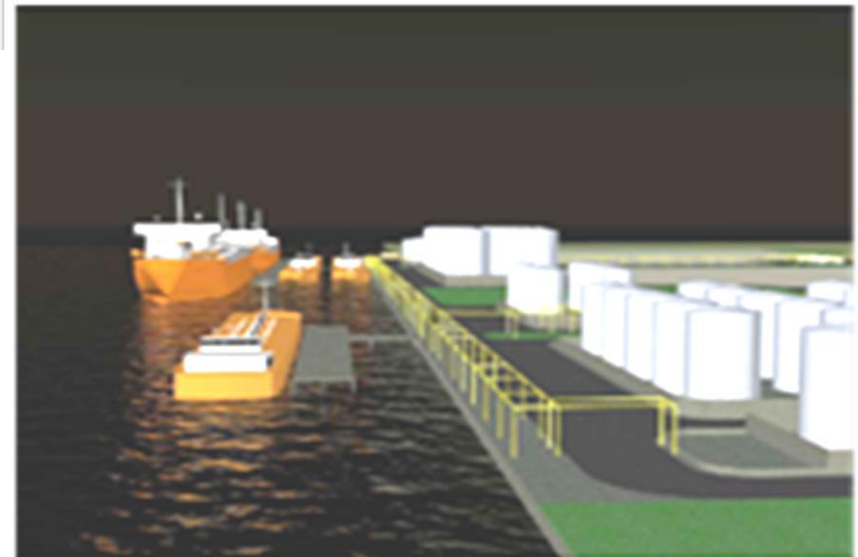
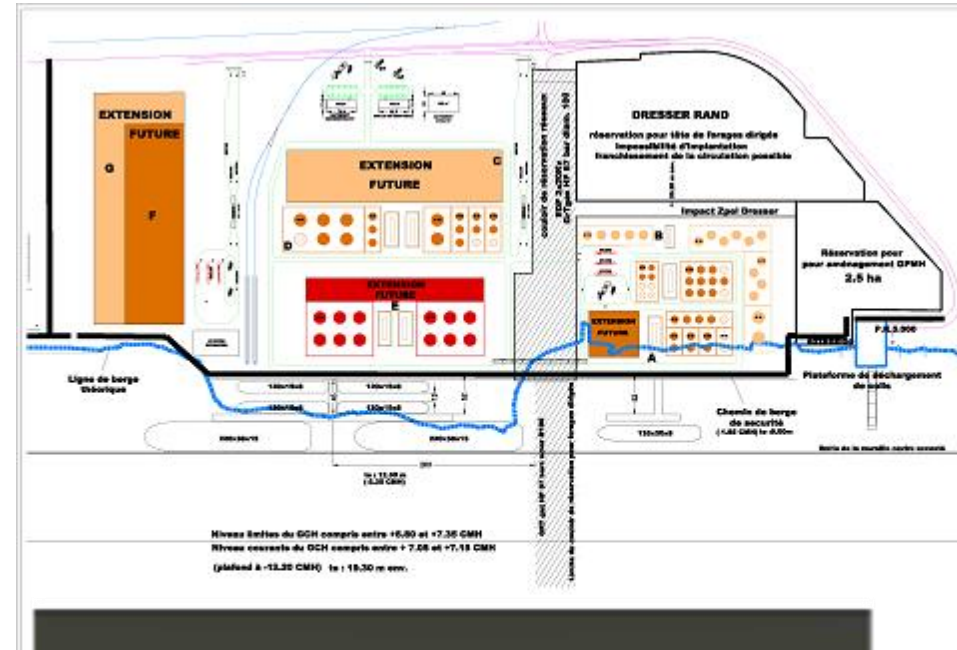




Port Authorities push expenditure to private operators

Case Study: new oil terminal in France

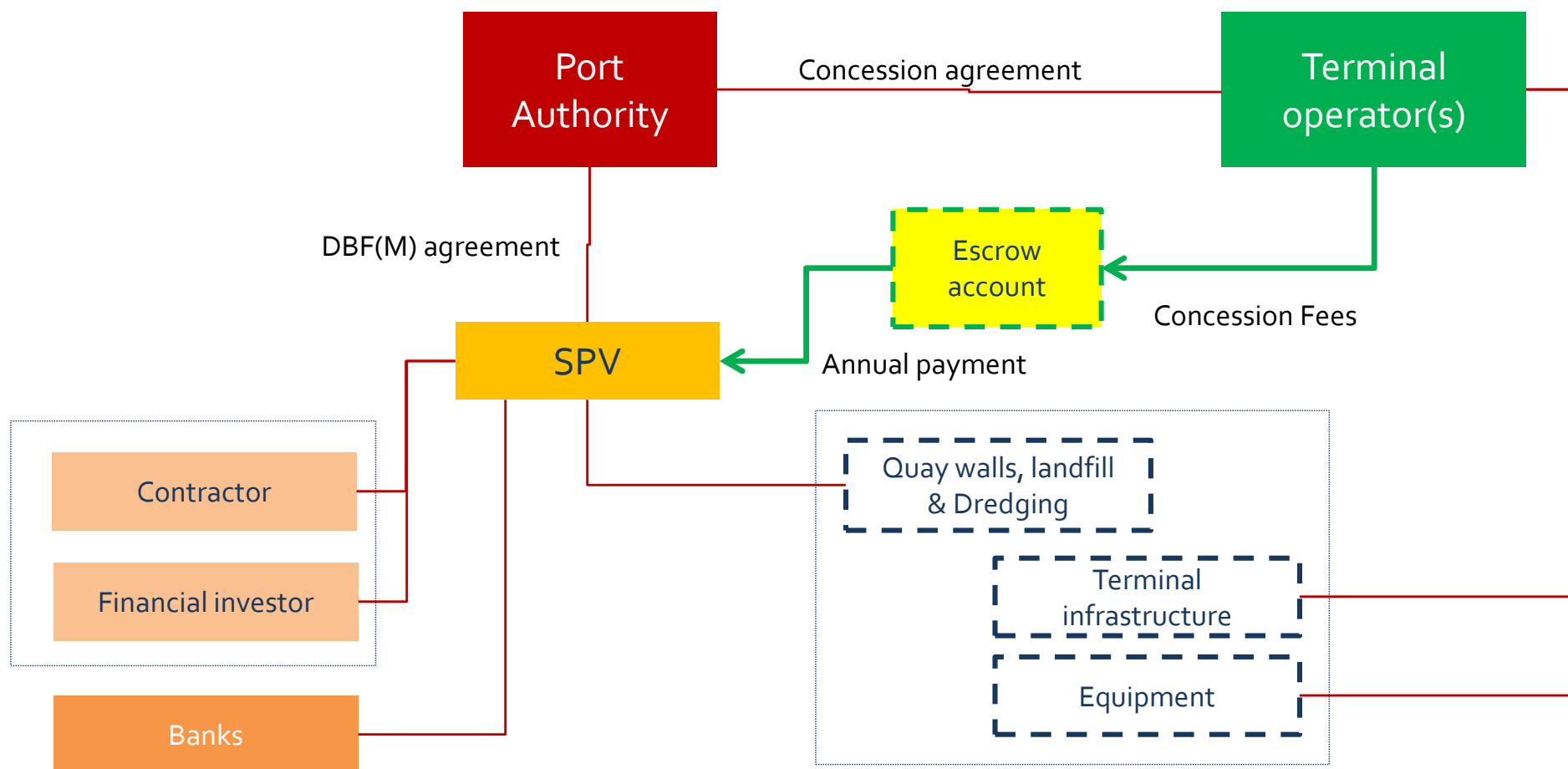
- **Typically**, the PA provides berthing area, land fill & jetty
- **“French” system:**
shift investment burden to private partner for jetty, dredging, land fill and rail, in return for a volume related discount on land lease fees





Design-Build-Finance (DBF) solves a PA funding problem and transfers development risk to private sector

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





“Paying for Availability” transfers full development and life cycle risk to private sector, finance is instrumental in transferring risk

Case Study:

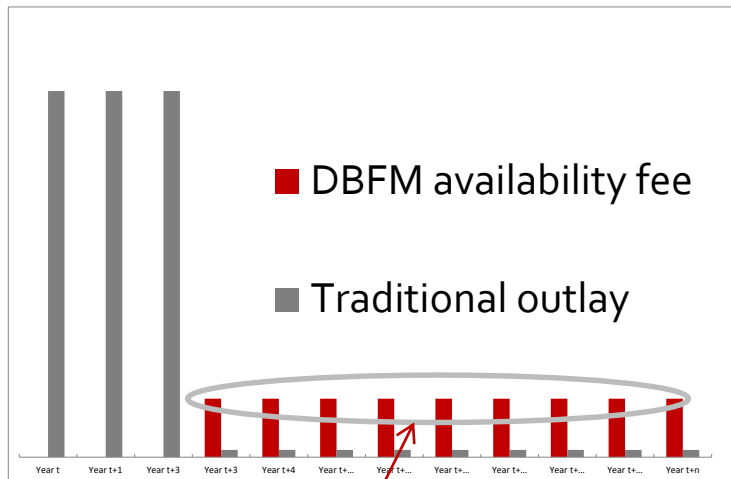
IJmuiden lock complex of Port of Amsterdam, extension with new lock

- **Integrating** design, construction, maintenance, renewal and finance over a period of 30 years
- **Payment** based on *availability* of lock complex
 - Life cycle risk transfer
 - Finance instrument for risk allocation
- **Pros/cons:**
 - international expertise, transfer of construction & delivery risk, spreading pmt
 - high risk premium required for transferring existing complex “as is”

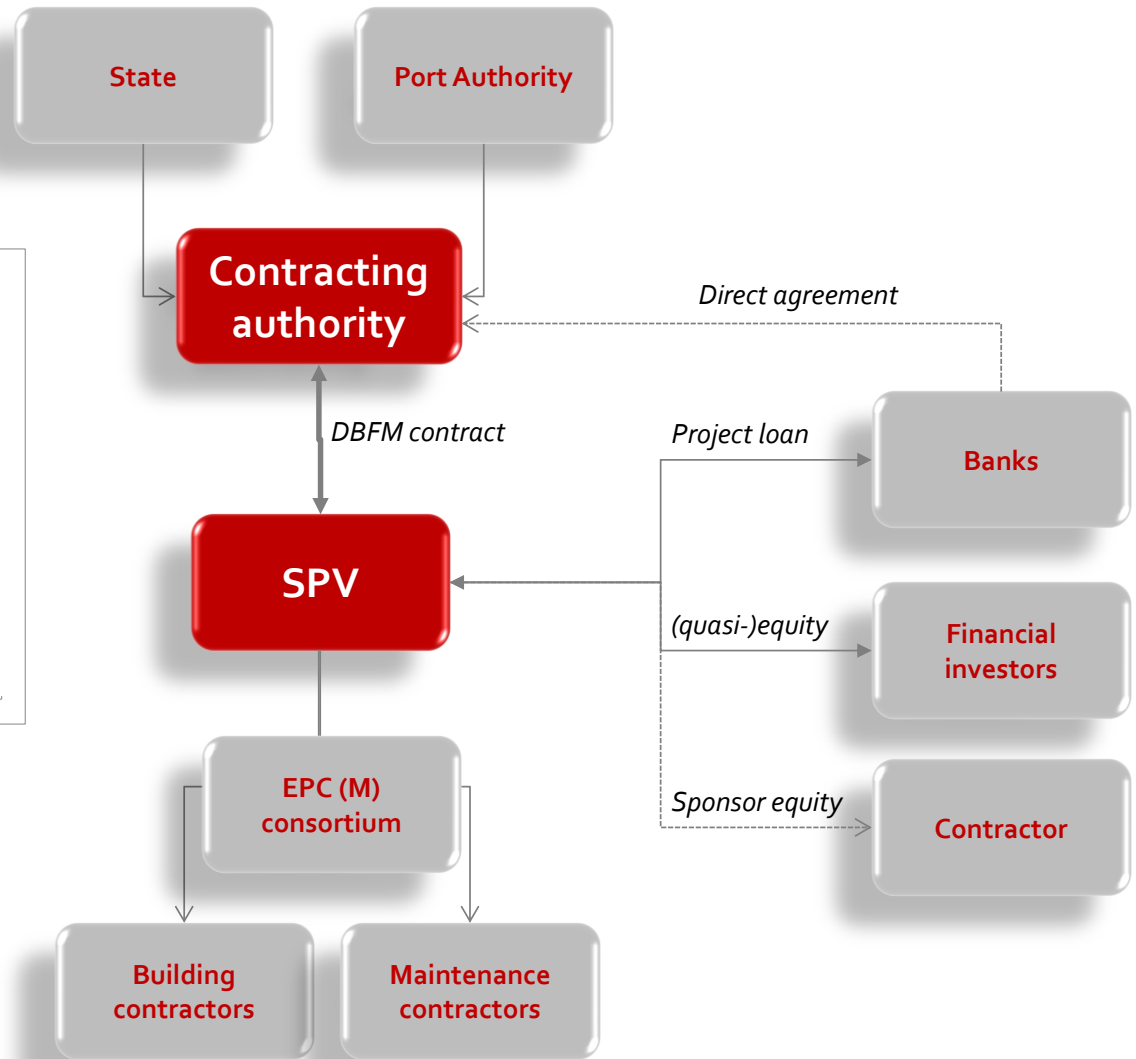




DBFM brings in a new financial profile and contractual structure



Part of Availability Payment is at risk for SPV





Tenant-specific infrastructure

- Terminal support
- Quays and apron areas
- Berths
- Rail branch lines
- Service roads
- Utilities
- Pipelines
- Parking
- Transit sheds
- Storage
- Private-use finger channel dredging
- Certain remediation areas



**Sweet spot for project size:
\$75 - \$150 million**



Shared-use infrastructure

- Port access roads, bridges and interchanges
- Access rail and rail loops
- Multi-purpose terminals and support facilities
- Channel dredging and other navigational improvements
- Remediation areas
- Jetties, breakwaters, etc.



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A black and white photograph of a man in a trench coat and hat holding a large umbrella, standing in a city street. The Empire State Building is visible in the background. The text "Pheromones for private capital: Your 5 steps to better living" is overlaid on the image.

**Pheromones for private capital:
Your 5 steps to better living**

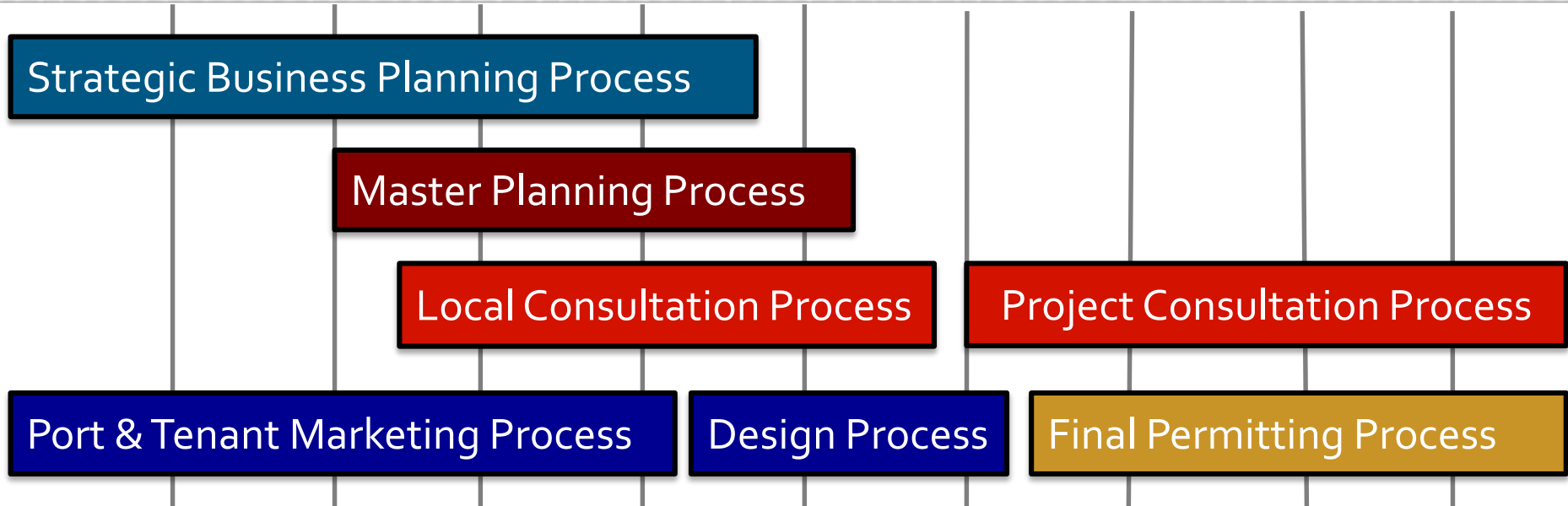


5 reasons why investors ignore you on Match.com

1. You don't consider private investment in your business and financial planning
2. You don't collaborate strategically with the community
3. Your needs assessments don't contain an investor viewpoint
4. You don't consider private investment in your master planning
5. You don't have a process for engaging and utilizing private investor in your core and tenant infrastructure



Points of sensitivity

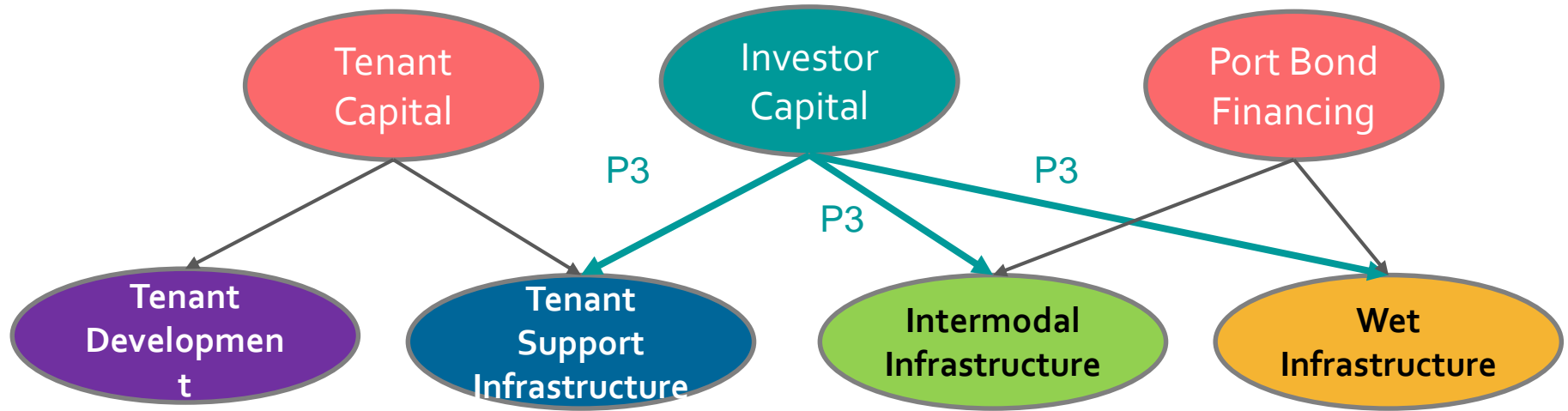


KEY QUESTIONS:

1. **Which part** of the process is most important to investors? To tenants? At what points in the process should the Port consider their interests?
2. **Who are you?** Where do marketing, tenants and infrastructure investors **connect**?
3. **Which components components** need to change most to improve project success and reduce risks investors?



5 Steps to success: revisit your development processes



Objective: Know **how, when and where** to consider private investment?

1. Revisit your processes
2. Identify subject projects
3. Conduct legal and regulatory suitability assessment
4. Match specific projects to P3 contract structures
5. Examine the investor perspective on the selected projects

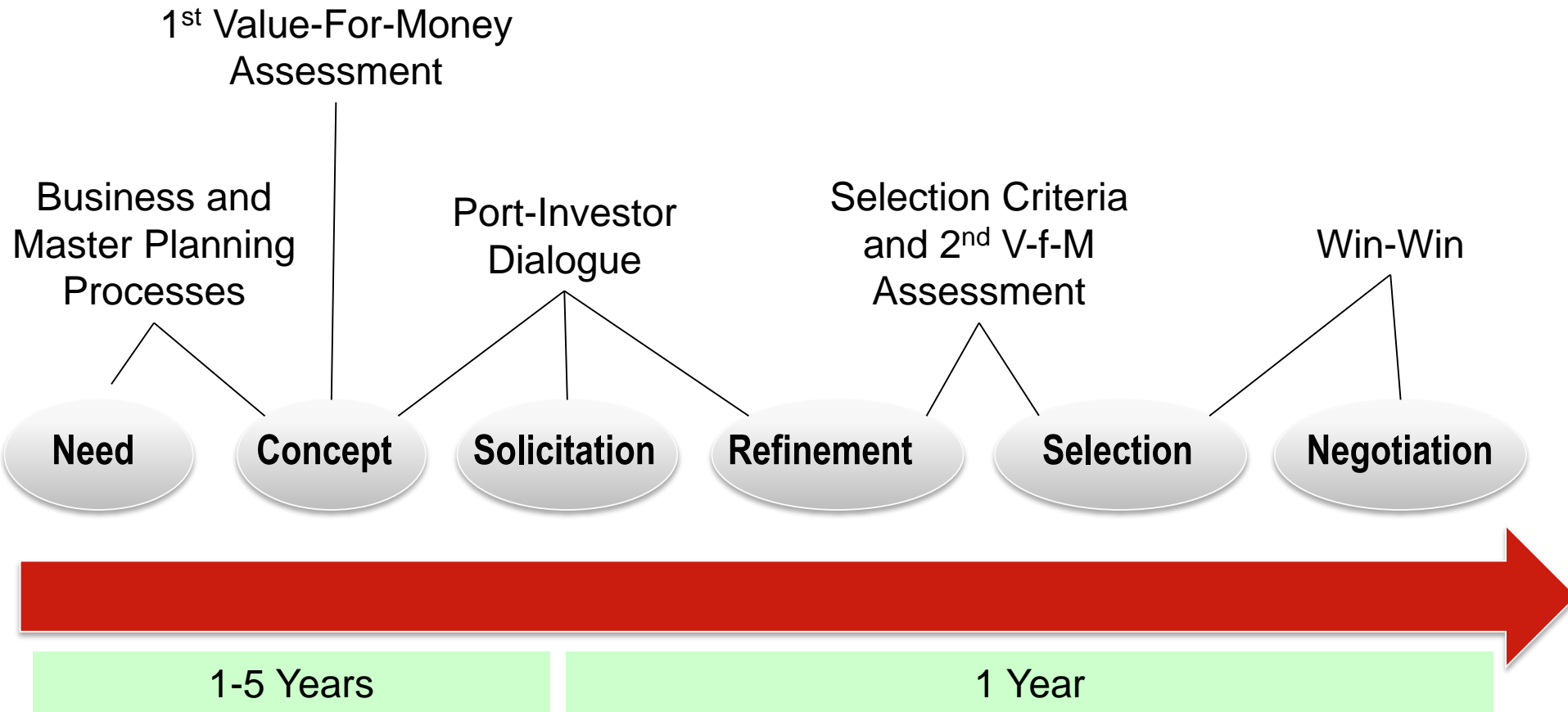


Some specific rules you need to examine

1. **Procurement** and construction statutes related to infrastructure P3s
2. **Rules** and protocols for investors or developers in *federally-assisted* projects
3. **Local and state ordinances** related to issuance of various types of bonds
4. **Processes and limitations** related to the use of Special Purpose Vehicles
5. **Ordinances for leasing** of Port-owned land and other assets to third parties
6. **Ordinances on Right of Way** and other transportation and utility access
7. **Approval processes** for tenant and shared/exclusive infrastructure
8. **Federal and state statutes** and regulations relating to 3rd-party contracts for dredging and other navigational improvements



Needed: a clear path to engage investors





What you will have in the end

- **A roster of development policies**, procedural and local ordinance changes that create an investor-friendly environment.
- **Smarter plans:** Business planning, master planning and project development processes designed to draw private investment into core port and tenant infrastructure.
- **A priority list** of port master plan projects suitable for P3 procurement.
- **A specific procurement process** for soliciting, evaluation, negotiating and approving infrastructure P3's for the Port of Portland.



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