

# The Seaport Sector

- Among the riskiest municipal sector
- Typically- Revenues derived from captive customer base
- Ports are subject to competition
- Similar to corporate credit
- Must be well-positioned, be aware of risks, and respond
- Impacted by external events beyond control
- Difficult to achieve rating in “Double-A” category or above

# Risk Factors

- Capital costs are high
- Nature of shipping industry
- Environmental issues
- Shifting trade partners
- Security issues
- Political and regulatory

# Credit Factors- Structural

- Business model- Landlord vs. Operator
- Governance
- Size matters
- If small, develop a niche

# Credit Factors- Management

- Budgeting practices
- Developing and maintaining relationships
- Ability to react to change

# Credit Factors- Competitive Position

- Proximity and relationship with clients
- Location and economy
- Analysis of demand
- Strategy and competitive landscape

# Credit Factors- Operational

- Labor
- Infrastructure
- Cargo mix
- Trading partners
- Shipping lines and alliances
- Range of operations

# Credit Factors- Financial

- Nature of revenues
- Revenue diversity
- Analysis of expenses
- Stability
- Performance measures

# Credit Factors- Debt and Capital Plan

- Strategy
- Feasibility
- Magnitude of debt
- Debt structure
- Bond security