● BMO is one of the 5 largest Canadian Banks

● Those 5 Canadian banks are in the Top 10 of North American financial institutions

● Canadian Banks have a keen understanding of:
  ◆ Infrastructure
  ◆ Private-ownership of public infrastructure
  ◆ Various forms of Public-Private Partnerships

● Canadian Pension Funds are the largest owners of North American Infrastructure
Current State of the Capital Markets

● Past two years - CM have been very much “shut down”
  ◦ Not that any business cases supported meaningful expansion

● Capital Markets are again open for business
  ◦ Very low interest rates (comparatively speaking)
  ◦ Rising inflation fears

● Displacement of the Tax-Exempt Markets
  ◦ Ratio Skew
  ◦ Build America Bonds
  ◦ Meridith Whitney

● Blurred Distinction between Tax-Exempt and Taxable Costs of Capital
  ◦ Decreases benefits of Municipal Control/Ownership
  ◦ Makes Private capital more competitive
Traditional Financing of Port Assets

- Going Concern Credits
- Infrastructure does not produce Revenue
- Carefully Add Capacity
- Grants

- Some Partnerships
  - Most Private of Public Assets
RAs beginning to understand that Cruise business is geographically pegged to terminals
  - Airports - Passengers
  - Cargo Terminals - Boxes
  - Cruise - Vacation Destinations/experience

Can Lines Move and Why?

What is the Geographic draw?
  - Destination vs. Embarkation

What other contractual items can demonstrate “stickyness” of the line to the terminal for the Rating Agencies.

Proving this case makes the credit more than a combination of the Lines’ financial Strength and the Ports’ Financial Strength!
What does a Port do when “getting to the next level” will cost 10X their current debt incurring capacity?

- New thoughts
- New Partners
- Re-Think the Mission Statement
Evolution of Private Equity in the Port Space

- Basic Interest - “Steady Eddie” Assets
- Landlord Ports begat Private Terminal Lease Portfolios
- Family Operators
  - Injustice of the Windfall
- Competitive terminal procurements
- Middle-Tier Ports
- Greenfield
- Interest in Cruise
## Public vs. Private Models - Serving the needs of the Community

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Rethink the Mission Statement

- Would Private Operators grow the business any differently?
- Can Port Authorities successfully transition their mission from Landlord/Lessor/Operator to:
  - Master Developer in the Region
    - Property Assembly
    - Eminent Domain
    - Utility Relocations
    - Seed Capital
    - Regional Planning - Permitting
    - Stakeholder outreach - Policy leaders
  - Agent of Change - Entrepreneur
    - Build new businesses
    - Turn dividends into now economic development