The three areas of focus in the REBP Work Group are: Valuation, Leasing Practices, and Economic Development. The following discussion took place in the June 5, 2012, break out session in New Bedford:

**Valuation**
- Valuation language generally relies on “fair market value”, but is frequently undermined by reliance on CPI or index, infrequent increases, or subsidies.
- How do ports recognize the value of waterborne facilities?
- Depreciated Replacement Cost New—is this the best and most relevant method of determining value? How does this relate to Franc Pigna’s comments on valuation?
- Traditional valuation may be less relevant if the mission statement of a port authority includes community benefit, economic development, job creation, etc.
- Ports in the same region should use pricing power if allowed anti-trust immunity
- Ports need to charge based on the “real” (i.e. private sector) real estate rents or value of the lease
- Ports need to determine how reinvestment by the port or tenant impacts valuation

**Leasing Practices**
- What methods do ports use to replace existing tenants who have subsidized rents?
- Need to look at rent reset requirements/criteria in port agreements
- Need to look at NNN lease language in port agreements
- Need to look at enforcement issues (i.e., obtaining and enforcing collection and reconciliation of financial statements for tenants with gross receipts requirements, etc).
- Ports need to build separate property management, asset management, negotiation and administration resources into their organizations.
- Ask for excise tax receipts rather than audited financial statements
- Port need to have a deferred maintenance program and provide annual funding. Also need to recognize if deferred maintenance is unnecessary due to near term demolition of improvements. Do ports transfer deferred maintenance to CIP?
- REBP should look at private sector lease templates for best practices terms and conditions that may be applicable for ports.
- Reinvestment in facilities is important in long term contracts. An example is FL, where shopping center tenants must renovate storefronts every 5 years.