WBAL Radio

Port Agreement Finalized

Tuesday, January 12, 2010
Robert Lang

Ports America has completed a $1.3-billion dollar lease to operate the Seagirt Marine Terminal for the next 50 years.

Ports America's subsidiary Ports America Chesapeake will build a 50-foot berth at the Port of Baltimore that will allow larger ships to sail into the port.

Governor Martin O'Malley says the deal will create 5,700 new jobs and generate $15.7-million in new taxes for the state annually.

The deal was reached in November, and approved by the Board of Public Works last month.

Statement from Governor Martin O'Malley on Ports America Deal

This is an important day for Maryland and the Port of Baltimore. Throughout the development of this agreement, the preservation and creation of Maryland jobs has been our top priority. This partnership will create 5,700 new jobs, secure the Port’s long-term future with a 50-foot berth at Seagirt, and provide Maryland both an ongoing revenue stream and an immediate infusion of capital for road, tunnel and bridge system preservation.

“We believe this partnership is an excellent deal for all involved, including the Maryland taxpayer. This opinion is shared by the financial community that last week demonstrated overwhelming interest in the sale of bonds for this project. Now, working hand-in-hand with Ports America Chesapeake, we move forward from a position of strength as we compete for business in the highly-competitive maritime industry and preserve and grow the number of good, family-supporting jobs at the Port of Baltimore.”

Salisbury Times

STATEMENT FROM GOVERNOR MARTIN O’MALLEY ON THE COMPLETION OF SEAGIRT LEASE TO PORTS AMERICA CHESAPEAKE

ANNAPOLIS, MD (January 12, 2010) – Governor Martin O’Malley issued this statement today following the successful completion of a 50-year lease and concession agreement with Ports America Chesapeake to operate the Seagirt Marine Terminal at the Port of Baltimore, and bring 5,700 new jobs to the Port. Governor O’Malley announced the State’s intent to enter into this public/private partnership agreement in November. This is the first such agreement of its kind in Maryland.

“This is an important day for Maryland and the Port of Baltimore. Throughout the development of this agreement, the preservation and creation of Maryland jobs has been our top priority. This partnership will create 5,700 new jobs, secure the Port’s long-term future with a 50-foot berth at Seagirt, and provide Maryland both an ongoing revenue stream and an immediate infusion of capital for road, tunnel and bridge system preservation.

“We believe this partnership is an excellent deal for all involved, including the Maryland taxpayer. This opinion is shared by the financial community that last week demonstrated overwhelming interest in the sale of bonds for this project. Now, working hand-in-hand with Ports America Chesapeake, we move forward from a position of strength as we compete for business in the highly-competitive maritime industry and preserve and grow the number of good, family-supporting jobs at the Port of Baltimore.”

As part of this agreement, Ports America Chesapeake will construct a 50-foot berth for the Port of Baltimore that is expected to result in increased business opportunities and larger vessels that will fundamentally change the dynamics of the shipping industry when the expansion of the Panama Canal is completed in 2014. In addition to the creation of 5,700 new jobs, the total investment and revenue from this agreement to the State of Maryland has the potential to reach more than $1.3 billion over 50 years and it will generate $15.7 million per year in new taxes for Maryland. The agreement was approved by the Board of Public Works on December 16, 2009.

Journal of Commerce

Baltimore, Ports America Finalize 50-Year Deal

Lease, operating concession includes building 50-foot deep berth

Joseph Bonney

Ports America and the Maryland Port Administration have closed on a previously announced 50-year lease and operating concession that includes construction of a new berth with 50-foot water depth at Baltimore’s Seagirt Marine Terminal.

The Maryland Ports Administration announced the deal in November, pending approval of state authorities. The terminal will be leased and operated by Ports America Chesapeake, a newly formed subsidiary. The MPA will retain ownership of Seagirt.

Ports America has operated Seagirt since the 200-acre terminal opened in 1990. The company also has run operations at Baltimore’s Dundalk Marine Terminal since 1966.

Under the Seagirt deal, Ports America will provide the Maryland Transportation Authority with an immediate payment of more than $100 million for use on roads, tunnels and bridges.

Ports America also will provide annual lease payments, and the port agency said the agreement is projected to generate $15.7 million a year in state taxes. The MPA said investment in the terminal and revenue to the state could exceed $1.3 billion over the next half century.

The deal gives Ports America full control over operations, the obligation to design and build the new berth to MPA standards, and the right to consolidate all current container business in the port at Seagirt. The MPA said the company will have a known base payment for 50 years and will retain all net revenue.

Ports America will develop the new berth at Seagirt by 2014, the year the Panama Canal is scheduled to open a new set of locks that will accommodate larger container ships. The cost of the berth and four cranes is approximately $105.5 million, the port agency said.

Baltimore port officials hope having 50-foot depth at the new berth will help the port attract calls by the larger ships that will transit the expanded canal. Norfolk also has 50 feet. New York-New Jersey is dredging its channels to 50 feet, but access to some of its terminals will remain limited by the vertical clearance under the Bayonne Bridge.

Daily Record
Mergers and acquisitions in Md. are picking up some speed

(**See end of story on Seagirt lease.)**

by Danielle Ulman

Last year’s slow-moving mergers and acquisitions market picked up speed in the fourth quarter with an energy that has some deal watchers excited about what’s to come in 2010.

A decidedly sluggish and cautious third quarter had analysts saying that they would wait to see the results of the fourth quarter before announcing a turnaround in activity. Now that the numbers are in, the final quarter of 2009 looks like the start of a rebound.

“The fourth quarter was not a fluke. It was the beginning of a new cycle,” said Anirban Basu, chairman and chief executive of Sage Policy Group Inc., a Baltimore-based economic and policy consulting firm.

“What you had was a situation in which there were companies who were experiencing rapid improvement of cash flow over the year, and another group of companies where the recovery was mild, and that is the perfect scenario for mergers and acquisitions,” he said.

For example, a plodding financial rebound at the power tool giant Black & Decker Corp. led to a $4.5 billion all-stock acquisition of the Towson firm by The Stanley Works, a hardware and home improvement manufacturer with a stronger balance sheet, in November.

During the quarter, 57 deals involving Maryland companies were announced with a value of $7.7 billion. For the year, Maryland companies took part in 183 transactions worth $11.4 billion, down from 264 deals valued at $22.9 billion in 2008.

Deal count tends to provide a better comparison than deal value, because not every company makes the sale terms public. The fourth quarter of 2008 produced 43 deals worth $6.1 billion, while 69 mergers or acquisitions worth $1.7 billion took place in the final quarter of 2007.

Bloomberg Financial exclusively provides The Daily Record with quarterly mergers and acquisitions data to study trends in pending and completed deals in which Maryland companies were the buyers, sellers or targets. Activity for the year was the worst since Bloomberg began providing data in 2002, when 163 deals worth $11.3 billion took place.

Despite the year's depressed numbers, things are looking up.

Joseph Bradley, a principal with SC&H Capital, a Sparks-based firm that advises companies on mergers and acquisitions, said his company saw a "dramatic uptick" in activity in the fourth quarter and into the start of 2010.

"If I was sitting here in [the first quarter] in 2009, it was a very different picture," he said. "Very few transactions were able to get to the table at the end of 2008 and into 2009. [We] took good companies off the market because it wasn't a good time to sell."

Bradley, who works with middle market business owners looking to sell, most of whom are based in Maryland or Virginia, said many of those deals came back last quarter.

Credit is loosening

Financing deals has been a major issue in the last year, and banks are still concerned about lending, although looser credit markets have emerged in the last few months.

"2009 was a very challenging M&A year and the main reason for that was the lack of available debt financing for transactions," said Michael Lamm, an associate with Rockville-based Kaulkin Ginsberg, which coordinates mergers and acquisitions for businesses that outsource their work to foreign countries, like medical billing firms.

"We had a number of deals that we had hoped to close in 2009 that were not completed because the buyers were not able to get the necessary financing," he said. "What we did see, though, is strategic as well as industry buyers step up and do smaller purchases. … Those are the deals that moved the industry."

Buyers are also being more cautious before they close a deal, Lamm said. Financially troubled Axiant LLC, a debt collection firm in Rockville, filed for Chapter 11 bankruptcy protection in November to auction off its assets. It announced that Philadelphia-based

NCO Group Inc. was the stalking horse bidder. But by December, NCO decided to terminate the deal.

At the end of December, Axiant filed for Chapter 7 bankruptcy to liquidate its holdings. That decision left affiliate Mann Bracken LLC without any support services — such as telephones and computer systems — which led the Maryland agency that licenses debt investigators to determine that Mann Bracken did not meet licensing requirements.

The agency ordered the company to stop debt collections on Monday. Judge Ben Clyburn, chief judge of the Maryland District Court, where debt-collection cases are filed, dismissed without prejudice all of Mann Bracken's cases statewide.

More due diligence

Kaulkin Ginsberg was not involved in the Axiant deal, but Lamm said that it shows buyers are doing more due diligence, which he expects to continue.

Baltimore's T. Rowe Price Group Inc., a worldwide asset management firm, took its time when it bought a quarter of India's UTI Asset Management Co. Reports of the $140 million deal surfaced months before T. Rowe announced it would enter the Indian mutual fund market in November.

The deal could resonate at home, despite the distance to India, Basu said.

"If the T. Rowe Price decision-makers in Baltimore are making strategic decisions and ones that are conducive to the bottom line growth, that probably means more T. Rowe employees in downtown Baltimore and in Owings Mills," he said. "If those turn out not to be winners and sap the financial strength of the company, I think we can agree the impact on the local economy would not be benign."

The Black & Decker acquisition hit home because Maryland will lose another Fortune 500 company and the jobs that go with it. But other deals, like Ciena Corp.'s $769 million purchase of Nortel Networks Corp.'s division that develops networking gear used to transmit data and voice traffic, could help locals get over the sting.

"It's actually more enjoyable to be the acquirer than the acquired," Basu said. "Many people were quite upset that Black & Decker, with such a proud local history, was acquired by a Connecticut firm. Similarly, there may be people out there that are upset that their local firm is acquired by a Baltimore or Maryland firm."

Port deal important

Beyond the quarter's mega deals, Basu said the public-private partnership between Maryland and New Jersey-based Ports America Group, could mean the most. It had an upfront payment of $100 million and could generate $1.3 billion over the 50-year deal.

“For the state of Maryland to be able to pull this off at a time when others are having trouble keeping up their ports really should be viewed as a win for Maryland,” he said. “It may turn out to be that as big as some of the deals [were] this quarter … the biggest was the Ports America deal from the perspective of long-term economic impact.”

Looking forward, Basu said he expects consolidations in financial services firms, health care, commercial real estate and manufacturing.

Bradley’s firm is doing a lot of pre-transaction planning, meaning businesses are thinking about making deals happen in late 2010.

The difference now is that in years past, mergers and acquisitions covered a broad swath of businesses, but Bradley said he’s seen interest narrow to government contracting firms and those that are heavy on assets, like manufacturers or distributors.

Kaulkin Ginsberg has two deals that have not been announced that the company expects to close in the first quarter.

“If you had asked me two or three weeks ago, I would have said there’s no way in heck these would close,” Lamm said. “We’re definitely seeing a pickup in mergers and acquisitions activity. We’re expecting a big first quarter.”

Eyefortransport.com

PAC TO OPERATE PORT OF BALTIMORE’S SEAGIRT MARINE TERMINAL

Ports America Group's subsidiary, Ports America Chesapeake (PAC) has successfully closed on a fifty-year lease and concession agreement to operate the Seagirt Marine Terminal in the Port of Baltimore.

PAC will provide 100% of the funding to implement the Maryland Port Administration's long-standing vision and commitment to make Baltimore one of only two eastern ports capable of handling the large Super Post Panamax container ships that will begin calling along the East Coast on completion of the Panama Canal widening project in 2014.

Ports America is the largest independent American terminal operator and stevedore, with operations in 44 ports and 84 terminals. Ports America and its predecessor companies have served in the Port of Baltimore for almost ninety years, and have operated Seagirt since it was opened in 1990.

Ports America Chesapeake is the newly formed affiliate of Ports America that will be the day-to-day operator of Seagirt.

Citybizlist.com

Ports America Signs Deal to Operate Seagirt

Successfully Closes 50-Year Lease and Concession Agreement To Operate and Upgrade The Seagirt Marine Terminal In The Port of Baltimore

BALTIMORE, Jan. 12 -- **Ports America Group** today announced that its subsidiary Ports America Chesapeake ("PAC") has **successfully closed on a 50-year lease and concession agreement to operate the Seagirt Marine Terminal** ("Seagirt") in the Port of Baltimore. The concession was approved by the Maryland Board of Public Works on December 16, 2009.

The agreement provides more than $1.3 billion in value to the State of Maryland, creates 5,700 jobs, and **delivers more than $15 million annually in new tax revenues**. Importantly, PAC will provide 100% of the funding to implement the Maryland Port Administration's ("MPA") long-standing vision and commitment to make Baltimore one of only two eastern ports capable of handling the large "Super Post Panamax" container ships that will begin calling the East Coast upon the completion of the Panama Canal widening project in 2014.

"I share Governor Martin O'Malley's passion for the Port of Baltimore, and creating high quality jobs so critical to the Port's future and Maryland's competitiveness on the Atlantic seaboard," said **Christopher Lee**, Founder and Managing Partner of Highstar Capital.

"Baltimore is one of the best, most efficient ports in the country" Lee said. "I'm very proud to be a partner with the State of Maryland and look forward to our long association in making sure Baltimore maintains its great maritime heritage."

Commenting on the Baltimore Concession, Ports America Chesapeake CEO **Mark Montgomery** said: "We're proud and excited to work with the Maryland Port Administration, the International Longshoremen's Association, and all our ocean carrier customers, including Mediterranean Shipping Company and Evergreen, to help make this historic American port the most competitive facility on the East Coast."

Ports America is the largest independent American terminal operator and stevedore, with operations in 44 ports and 84 terminals. Ports America and its predecessor companies have served in the Port of Baltimore for over 88 years and have operated Seagirt since it was opened in 1990.

Ports America is owned by Highstar Capital, a leading independent operationally focused and value-added infrastructure investor that has **directly invested over $5.2 billion of capital in infrastructure investments to date**, primarily in the United States. Ports America Chesapeake is the newly formed affiliate of Ports America that will be the day-to-day operator of Seagirt.

Goldman Sachs and Cleary Gottlieb Steen & Hamilton LLP served as financial advisor and legal advisor, respectively, to Ports America Chesapeake.

About Ports America

Ports America, headquartered in Iselin, N.J., is the largest independent port terminal operator in North America, providing terminal management and a full suite of stevedoring and related services. Ports America, including its predecessor companies, has almost 90 years experience operating American seaports. Its current business includes 44 ports and 84 terminals in North America, handling containers, roll on/roll off cargo, general cargo and cruise ship passengers and luggage.

For more information please visit Ports America's website at www.portsamerica.com

About Highstar Capital

Highstar Capital is an independent, owner-operated infrastructure investment fund manager with an operationally focused, value-added investment strategy. Since it closed its first fund in 2000, Highstar has directly invested $5.2 billion for its limited partners and co-investors across its core infrastructure sectors of energy, environmental services and transportation.

Innovation & Job News

Ports America signs $1.3B Seagirt deal

Tuesday, January 19, 2010

Ports America Chesapeake (PAC), a subsidiary of Ports America has successfully closed on a 50-year lease and concession agreement to operate the Seagirt Marine Terminal (Seagirt) in the Port of Baltimore. The concession was approved by the Maryland Board of Public Works on December 16, 2009.
The agreement provides more than $1.3 billion in value to the state, will create 5,700 jobs, and deliver more than $15 million annually in new tax revenues. Perhaps as important, as part of the deal PAC will provide 100 percent of the funding to implement the Maryland Port Administration's (MPA) long-standing vision and commitment to make Baltimore one of only two eastern ports capable of handling the large "Super Post Panamax" container ships that will begin calling the East Coast upon the completion of the Panama Canal widening project in 2014.

"I share Gov. Martin O'Malley's passion for the Port of Baltimore, and creating high quality jobs so critical to the Port's future and Maryland's competitiveness on the Atlantic seaboard," says Christopher Lee, founder and managing partner of Highstar Capital.

"Baltimore is one of the best, most efficient ports in the country," he continues. "I'm very proud to be a partner with the State of Maryland and look forward to our long association in making sure Baltimore maintains its great maritime heritage."

"We're proud and excited to work with the Maryland Port Administration, the International Longshoremen's Association, and all our ocean carrier customers, including Mediterranean Shipping Company and Evergreen, to help make this historic American port the most competitive facility on the East Coast," adds Ports America Chesapeake CEO Mark Montgomery.

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Source: Ports America Chesapeake
Writer: Walaika Haskins