

## MERIDIAM CLUBS



■ **NUMBER OF CLUBS:** 4 (AS OF NOV 2019)

**PURPOSE:** CROSS FERTILIZATION BETWEEN ASSETS & WITH PROJECT DEVELOPMENT

**FREQUENCY OF MEETINGS:** QUARTERLY + AD HOC + ONLINE PLATFORM

# MERIDIAM CLUBS: SHARING EXPERIENCE ACROSS ASSETS AND DEVELOPMENT TEAMS

**Examples taken from Meridiam Public Private Partnerships demonstrate the company's recognition that there are multiple ways to create value, both in economic and social terms. Meridiam Clubs are leveraging experience gained and achievements made at individual SPV level for the benefit of the entire portfolio.**

Meridiam is a company that prides itself on developing projects which produce long-term social value for communities, as well as economic and financial benefits for project grantors and investors. This key strategic aim is manifest in a tangible, hands-on approach to asset management and active pursuit of ways to maximise project value; lately with the support of the Meridiam Clubs.

These are groups of SPVs' representatives and Meridiam Asset Management people working on common topics which meet regularly to discuss and exchange knowledge and experience on a wide variety of subjects. Meridiam Clubs have been established for the main sectors in which the company operates: in the roads (tunnels) market, in airports, rail and social infrastructure.

The value of the Clubs has grown considerably as Meridiam has expanded its presence in these different infrastructure markets. In rail, for instance, Meridiam is now an equity investor and asset manager in six Public Private Partnerships, including two high speed rail lines in France and light rail tram projects in Italy, the UK, the US and Canada.

In similar fashion, Meridiam is now a partner in five major airport projects, including redevelopment of LaGuardia Terminal B in New York (the first PPP in US airports). The Meridiam Airport Club is the latest to be convened (see box 1).

The first Club to be launched by Meridiam in 2017 was the Tunnel Club, which consists predominantly

of project managers and directors from roads PPPs containing at least one major tunnel.

Meridiam's roads projects cover around 1000km of principal motorways and highways in 12 different countries. At least seven of these PPPs contain significant tunnels. The L2 project in Marseille features several cut and cover tunnels. The A5 Ostregion PPP in Austria has four tunnels.

Safe operation of tunnels is a critical issue (particularly in regard to fire hazards), managed increasingly with high-tech monitoring and communications systems. Technological advances and safety are typical of issues discussed by the Tunnel Club.

"Essentially, what the Clubs are doing is leveraging the expertise in our portfolio; **cross-fertilising knowledge and experience to create further value, both financial and non-financial,**" says Meridiam's Asset Management Hub Director, Thomas Paineau.

A growing list of projects – Meridiam is a partner in over 70 active PPPs



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October 2018

- has brought a “critical mass” for furthering the company’s overall knowledge in asset management, Thomas says.

This is borne out by numerous specific examples. The Social Infrastructure Club is one that contains representation from

typically last 20 to 25 years, comes from operation and maintenance, so even small improvements in O&M practices contribute a lot of additional value.”

For example, substantial work is being done to **optimise the lifecycle** of specific elements of building

for the University of Hertfordshire’s student accommodation PPP in England. “The issues and discussions brought up within the Club are fascinating and certainly help,” he says.

“We have a good mix of projects in the Social Infrastructure Club, but we find some parallel challenges, with national or local government institutions as clients and long lists of interested stakeholders. Critically, **we are often talking about how best to serve the needs of end-users**, be it doctors on hospital wards, judges at a courthouse or student residents.”

How projects are operated can have a huge impact on local communities, Christian adds. Discussions have included **how to prevent projects experiencing the impacts of O&M contractors going bust** - putting controls and measures in place, such as regular audits of suppliers’ financial viability and checks to ensure subcontractors are getting paid promptly.

“The way O&M contracts are procured is really important,”



South Europe Atlantic High Speed Line, France

a variety of projects, including several hospitals, a student accommodation development and a courthouse building in California. “But they still share common issues,” Thomas says.

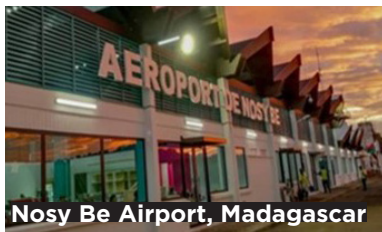
“The majority of the time and input to long-term PPP projects, which

fabric and M&E (mechanical and electrical) parts, with software tools and preventative maintenance.

The Chair of the Social Infrastructure Club is Christian Stanbury, Chief Executive of ULiving@Hertfordshire, which is the project company responsible

## AIRPORT CLUB

The nine members of the Meridiam Airport Club - like all Meridiam Club members, project managers and executives - met at the company’s annual asset management day in France in 2019. This year’s event, held in Cognac in May, was the first AM meeting for the Airport Club after it was established earlier in the year.



Nosy Be Airport, Madagascar

“In short, the Club’s primary purpose is to allow members to network and connect for discussing all manner of different technical matters,” says the Airport Club Chair and Chief Finance Officer of the Queen Alia International Airport in Amman, Jordan, Guillaume Allain.

“We have an **interesting mix of ongoing and developing projects**.

La Guardia handles about 20 million passengers every year, while Amman (8.5 million a year) is much smaller in comparison with a totally different context, but still a very important role locally. We are developing two airports via one project in Madagascar; these are small, but are vital gateways for the island.”

The Airport Club’s agenda has focused on open **technical discussions** so far, including issues of insurance and power connections for aircraft on airport aprons. “There’s no shortage of subjects to discuss and many in the Club are capitalising on the opportunity to exchange and build knowledge,” Guillaume says.

There’s also a lot of potential for development. “Airports will be critical for many developing countries, particularly in Africa; and we want to help build that better connectivity with

airport infrastructure,” Guillaume says. **“We must play our part in reducing aviation’s environmental impact**, so sustainability will be crucial as we develop the Meridiam vision for national airports. Apart from our own known network of experts, we also want to help build a **database of reputable suppliers** as the industry grows in developing countries. Ours is a new Club, but one with a lot of opportunity for **inviting external associates and experts from other stakeholders for discussing industry’s pressing issues.**” ■



Queen Alia International Airport in Amman, Jordan

Christian says. “They should be set up to incentivise and reward contractors for good performance, in terms of how they serve end-users and local communities; aligned to Meridiam’s ESG/SDG values via service level agreements.”

The discussions appear to be making a positive difference at all levels. Something as detailed as regular battery replacement to ensure door card readers are always working can make a big difference to efficiency and customer experience. At a higher level, **project lessons are aiding development** of social infrastructure in developing countries.

In the West African Ivory Coast, Meridiam is working with the Ivorian government to develop the region’s first major social infrastructure PPP. The proposed project will reconstruct and modernise the Treichville University Hospital, while also catalysing important reforms to the Ivorian health sector.

Meridiam’s project manager for the Treichville University Hospital, Ahoua Coulibaly, is a member of the Social Infrastructure Club.

“We are working with the Ivorian government on all phases of the development of this project, including assistance with managing the political risk and health reforms, which are an important priority for the country. But as the first PPP in the region, the project is very complex,” Ahoua says.

“The Social Infrastructure Club has helped a lot, in **finding solutions from similar projects** in Turkey (ca. 4500 beds in total) and elsewhere. Colleagues in the UK have helped to form the business case and the technical solution; it’s important to have good knowledge on every aspect. Input from the Social Infrastructure Club is helping us to provide good support to the client.”

Sharing of experience through Meridiam’s Clubs is proving to be **an advantage for winning new projects**. The knowledge shared is not all from success stories. In the Rail Club, for instance, much has been learned from overcoming tram vehicle defects during O&M periods; crucially **how to mitigate the risks**.

“This is helping bid teams, because if risks are known and we can

reduce provisions for them, then we can **make our bids more competitive**,” Thomas says.

“One reason for PPPs being developed in high speed rail in France was to introduce new ideas and expertise from the private sector, to do things differently and more efficiently. Contracts were set up to ensure PPP companies are hit in the pocket if they do not perform, so they are motivated to do well, which has resulted in more plant technology and optimisation of the way O&M work is done.

“On French high speed lines it was normal practice to run an empty TGV every morning to check the line, but this was not efficient, so we developed a lighter vehicle for this purpose, which has saved on OpEx. We are also building more data all the time with condition sensors; analysing it with software so that better, more informed human decisions can be made. Artificial intelligence is used now to allow very rapid initial studies that highlight which parts of a building or asset deserve further detailed analysis. **Exchanging knowledge on new ways of doing things** is typical of how the Meridiam Clubs can help.” ■



LaGuardia Terminal B, New York, US



Adana Hospital, Turkey



Waterloo LRT, Canada



L2 Marseille France



## TUNNEL AUDITS

With safety a critical issue for road tunnel operators, the **Meridiam Tunnel Club frequently discusses the latest thinking on safe operations, including effective incident response.** The Club is also a forum for performing and monitoring technical audits of Meridiam road tunnels.

Tunnel Club member Peter Pelz is Chief Technical Officer of Bonaventura, the project concessionaire of the A5 Ostregion PPP north east of Vienna, covering 51km of A5 motorway, including four tunnels.

Peter gives this description of the process of auditing Meridiam road tunnels:

**“Meridiam tunnel audits are carried out by an external expert plus one internal Meridiam asset manager.**

“Our external auditor, Jean-Marc Berthier, is highly respected as an experienced tunnel operator, including as Tunnel Manager of the Mont Blanc Tunnel after the tragic fire in 1999. The Meridiam

auditor is always a member of an asset management team with a significant tunnel under their control. For example, Jean-Marc and myself audited the Miami Tunnel and Presidio Parkway in the US, while Wendy Conforme of Miami Access Tunnel and Jean-Marc audited Norscut in Portugal.



“The widely recognised Safety File Methodology (SFM) is used as a systematic approach to document road tunnel projects. Ideally, and by rule in many countries’ road tunnel standards, a Safety File is created at project inception and updated throughout design, construction and operation of a tunnel.

“This file becomes a key tool for setting the rules and requirements of

the tunnel operation, for appraising the fitness of the operator and for conducting regular checks on the emergency response plan.

“During the operation period, the Safety File’s Continuous Improvement Plan (CIP) allows for updates depending on formal debriefs from events and yearly assessments.

“In some countries’ road tunnel standards, a safety officer is appointed to conduct these assessments independently of the tunnel owner and manager. A complete formal review of the Safety File by the relevant authorities is also often mandatory, generally every six years.

“Aside from the standard procedures outlined by the SFM, there is frequent exchange of experience between Meridiam tunnel asset managers as we all know each other from Tunnel Club meetings. This helps when it comes to **addressing identified shortcomings and also for sharing gains made from doing things differently.** ■



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