



Meeting brief



COMMERCIALLY SENSITIVE FOR FOI PURPOSES

# Meeting note

## 31<sup>st</sup> March 2014



An Roinn Airgeadais  
Department of Finance

### Attendees

#### *Department of Finance*

Minister for Finance

Ann Nolan, Second Secretary

Neil Ryan, Assistant Secretary

Eoin Dorgan, Advisor

#### *Cerberus*

Secretary John Snow, Chairman

Billy Cooper

Liam Strong

Ron Bolger

### Discussion points

- Secretary Snow noted that they “wished they could do more in Ireland”. He noted also that Cerberus has been the largest single acquirer of distressed loans in Europe in 2013 and that servicing is an important business for Cerberus in Europe – with activity in Spain. They focus on complex loans in general and try to “work with the borrowers”.
- He noted that they have interest in NAMA’s *Project Eagle*. It was also noted that they would be meeting NAMA later that day to discuss their interest. Secretary Snow mentioned the process letter from NAMA but it was suggested that it would be most appropriate to discuss that issue at the NAMA meeting.
- The Minister noted the recovery in the property market, noting that there is a shortage of office and residential properties in some arrears and sectors. He also mentioned the CGT changes in the budget to encourage investment over a 7-year investment period.

He highlighted the forecast growth in 2014 and 2015 and the low level of inflation.

The Minister also highlighted the SRM developments in the Eurozone and stated that there are now more policy instruments available – similar to the US – that will allow a better co-ordinated response to financial stresses in the future.

# Meeting brief

## Cerberus Capital Management



### Key point

Cerberus completed the purchase of *Greenstar*, the Irish waste management company and this has been the largest and most visible Irish purchase to-date.

### Potential topics

#### Specific

- At a meeting last Friday with the SMU, Cerberus indicated some interest in *ptsb* – what is their thought process
- The Firm is also known to have some interest in NAMA's *Project Eagle*.  
This project, being run by Lazard, is for the €4bn Northern Irish portfolio and was prompted by a reverse inquiry from PIMCO in late December 2013.
- Cerberus hired some former IBRC personnel to help run their loan servicing operation.  
The issue of *unregulated entities servicing loan portfolio* and any potential for increased scrutiny may also be raised.

#### General

- Their views on recent developments in the international economy and the potential effects of tapering (we would expect Secretary Snow to hold a different opinion to the current US administration)
- Their focus in Europe - what further opportunities do they envisage?
- The follow-on from the *Greenstar* - what specific opportunities do they envisage in Ireland?
- Are there any perspectives that they have on business in Ireland?
- Establishing an office in Ireland or management company - highlighting the Government focus on risk analysis and the skill-base in Ireland in these competencies.

## Background

Cerberus Capital Management, L.P. is one of the world's leading private investment firms. Founded in 1992, Cerberus has been dedicated to distressed investing since its inception. Cerberus and its affiliates manage funds for many of the world's most respected investors, ranging from government and private sector pension and retirement funds, charitable foundations and university endowments to insurance companies, family savings and sovereign wealth funds.

The Firm has over \$25bn under management invested in four primary strategies :

- Distressed securities and assets (mortgage-based securities, corporate debt, non-performing loans, structured loans)
- Control and non-control private equity
- Corporate mid-market lending
- Real estate-related investments

Headquartered in New York - with affiliate and/or advisory offices in the US, Europe and Asia - Cerberus employs 130 professionals.

Additionally, Cerberus uses the guidance of high-level economic, public policy and international experts such as former Vice President of the United States, *Dan Quayle*, chairman of Cerberus Global Investments, and former United States Secretary of the Treasury *John W. Snow*, the Firm's chairman, who spent 25 years leading CSX, one of the US's leading transportation suppliers.

The Firm has been a Securities and Exchange Commission (SEC) registered investment adviser since January 2010.

Cerberus's stated *investment philosophy* is centered on integrity, patience and a unique business model that applies significant financial and operational resources across the Firm's investment strategies. On the *financial side*, the Firm focuses on opportunities that offer risk-adjusted returns, disciplined due diligence, strict compliance, a team approach with investment and operations partners and the use of efficient, creative and customized solutions. On the *talent and operations side*, Cerberus focuses on growing business, recruiting and retaining top executives, pro-actively managing risks and ensuring the highest standards of corporate governance.

Ireland

## Cerberus finally completes purchase of Irish waste firm Greenstar

Irish Independent 

6 March 2014

*Greenstar is one of the biggest waste operators in the country. It recovers about 80% of the 500,000 tonnes of waste material it processes every year through 15 sites, has over 85,000 customers and employs about 700 people.*

A unit of US private equity firm Cerberus has completed its acquisition of waste management company Greenstar - almost a year after it first announced the deal.

Cerberus European Investments is buying Greenstar after the business went into receivership in 2012 with debts of over €80m. It had been expected that the deal would have been closed by June last year. Mark Keough, the newly appointed chief executive of Greenstar, said the waste firm has emerged from receivership debt-free, "with a strong balance sheet".

The delay in closing the deal is understood to have been linked with a case taken by the Environmental Protection Agency (EPA) related to four landfill sites. However, Greenstar's Vice-Chairman, Ron Bolger, said yesterday that the EPA deserved "considerable credit" for the completion of the sale.

Greenstar also plans to invest in the business by upgrading its collection infrastructure, expanding its production of alternative fuels and growing its renewable energy division.

That energy division converts methane gas to electricity for the EirGrid transmission network and accounts for about 28% of total bio-renewable energy generation in Ireland.

The CEO of Cerberus European Capital Advisors, Liam Strong, who's also Greenstar's new Chairman, said Cerberus sees "great potential" in the Irish waste firm. He said the private equity group's investment isn't just in waste management, "but also in Ireland".

Mr Strong said Cerberus has a long record in re-capitalising and providing operational support to companies that are important to their customers.

## Other activity

Cerberus has been focusing on purchasing distressed property loans from European banks over the past 3 years :

- *Project Indie* (Lloyds Bank) - £440m German loan portfolio purchased at a 29% discount (£373m purchase price)
- *Project Thames* (Lloyds Bank) - £495m UK portfolio of loans to secondary properties sold at a 38% discount (£325m purchase price)
- *Project Phoenix* (Wells Fargo) - €150m defaulted portfolio of German mainly retail property related loans sold for, reportedly, €70m
- *Project Monsoon* (RBS) - €380m portfolio of 10 retail properties that had been securitised by RBS (a Commercial Mortgage Backed Security deal called *Drummond*) sold for €225m



## **John W. Snow**

### **Chairman, Cerberus Capital Management**

Former US Secretary of the Treasury John W. Snow joined Cerberus in 2006.

Prior to joining Cerberus, Mr. Snow served as the 73rd Secretary of the Treasury of the United States of America from 2003 to 2006.

From 1994 through 1996, Mr. Snow served as Chairman of the Business Roundtable, comprised of 250 CEOs of the nation's largest companies.

From 1977 through 2003, he served in multiple positions with Chessie Systems, Inc. (which later became CSX Corporation), including as President, CEO and Chairman.

From 1976 to 1977, he was named Administrator of the National Highway Traffic Safety Administration. From 1975 to 1976, he served as the Deputy Undersecretary in the US Department of Transportation.

From 1974 to 1975, he served as the Assistant Secretary for Governmental Affairs for the US Department of Transportation.

From 1973 to 1974, he served as Deputy Assistant Secretary for Policy, Plans and International Affairs.

From 1972 to 1973, he served as Assistant General Counsel of the US Department of Transportation.

He has served on various corporate and non-profit boards, including Johnson & Johnson, USX, Verizon, the University of Virginia Darden School and The Johns Hopkins University.

Mr. Snow is a graduate of the University of Toledo and the George Washington University Law School. Additionally, Mr. Snow holds a Master's Degree from The Johns Hopkins University, a Ph.D. in Economics from the University of Virginia, and numerous honorary degrees.





## **Ron Bolger**

### **Consultant, Cerberus Global Investors LLC**

Former managing partner at KMPG in Dublin became a consultant to Cerberus in 2009.

Mr. Bolger qualified as a chartered accountant in 1970 with KMPG, became a partner in 1978, Managing Partner (1991 – 1995) and became a senior consultant (1998 – 2002) having left KPMG in 1998.

Mr Bolger is a former Chairman of Telecom Éireann, former Vice Chairman of EBS Building Society (1999 - 2006) and Chairman of the Barretstown Gang Camp Fund (1994 - 2001).

He was an original member of the Clearing House Group (1987 - 2002), Chairman of the Financial Services Industry Association (1992 - 2000), a member of Governing Authority of UCD (1997 - 2004), Chairman of the Royal Hibernian Academy (2000 - 2006), a member of the IBEC National Executive Council and a member of the Asia Strategy High Level Group to advise the Irish Government on its Asia Strategy (2005 -2010).

Mr. Bolger has been the *Honorary Consul-General of Singapore in Ireland* since 2000.

He currently chairs the Galway Clinic, AerCap Ireland Limited (which is taking over ILFC of the US), C&D Foods, Carluccio's Ireland Limited and Vice-Chairman of the ABP Group, as well as GreenStar.