

NEW OWNERS, NEW PLANS

INFRASTRUCTURE ACQUISITION PARTNERS LLC ACQUIRES FRASER INDUSTRIES IN SUPERIOR

In June 2021, Fraser Industries, which includes Fraser Shipyards, Lake Assault Boats and Northern Engineering, was purchased by Infrastructure Acquisition Partners LLC. And as the upcoming shipping season draws near, the new owners are excited about their prospects and plans for the shipyard and the subsidiaries – which is one of the longest operating industries in Superior.

Infrastructure Acquisition Partners LLC is a joint venture between Foundry Mountain Infrastructure Partners, based in Chicago, and Cleaves Invest AS, based in Oslo, Norway, with offices around the world. The new ownership of Fraser Industries consists of four people as partners: Director Sandy Reddin, Patrick Kelly, CEO of Fraser Industries and founder of Foundry Mountain, Treasurer Kathleen Menten and Per Olav Karlsen, who is chair of the Infrastructure Acquisition Partners board of directors and the founder of Cleaves Invest AS.

Karlsen, who looks forward to visiting the shipyard in Superior as the COVID-19 pandemic continues to ease, said in a statement, “This is a great union combining the expertise of Fraser Industries with our relationships in the global maritime industry for the expansion of Fraser and success with developing opportunities. We look forward to being part of the Superior and Duluth communities for many years to come.”

“EXCITED TO PASS ON OWNERSHIP”

The last major change to the operational side of the shipyard was the 2013 consolidation of Fraser Shipyards Inc., Northern Engineering and Lake Assault Boats as Fraser Industries LLC – part of Capstan Corp. This holding company, now based in Duluth, evolved over decades after it was founded as Reuben Johnson & Son Inc. in Superior in 1956 – the construction company that later shortened its name to RJS, led by Chairman and CEO Todd Johnson.

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– DIRECTOR SANDY REDDIN



Capstan Corp. focused on acquiring and growing businesses in a number of industries. And its name was selected due to its nautical significance; a capstan is used to move or raise heavy weights.

“Capstan Corporation is proud of its leadership of Fraser Industries over the last 44 years,” Johnson said in a statement. “We are excited to pass on ownership to a well-qualified group who will take Fraser Industries to the next level as we live in a more interconnected and global maritime environment.”

FINANCIAL AND MARITIME SECTOR EXPERTISE

“I’ve really been a Wall Street guy for a long time,” Reddin said when he and Kelly were on-site recently at Fraser Industries. “I started specializing in the shipping sector probably 15 years ago. I was a generalist focused on capital markets – raising capital. I was really working in infrastructure and energy, so most of the stuff I was doing was around ports or oil and gas refineries.”

As an investment banker, Reddin explained, he got into the shipping sector because he believed it was not covered on Wall Street as thoroughly as other sectors. Working with shipping companies, ship builders and shipyards, Reddin raised capital or worked on restructuring plans, partnering with DVB, a large German bank specializing in ship and yard finance.



After Cleaves AS hired Reddin to open operations in the United States, Kathleen Menten, a capital markets professional, joined the team to facilitate Cleaves' entrance into the U.S. maritime shipping and transportation sector.

SCOUTING FOR THE RIGHT SHIPYARD OPERATIONS

The search for a shipyard to invest in began several years ago, Kelly explained, when he and his partners began analyzing shipyards along the East Coast, West Coast and the Great Lakes that they thought made sense for Infrastructure Acquisition Partners.

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– CEO PATRICK KELLY

"We began looking fairly methodically through yards on the East Coast, the West Coast and the Gulf Coast," Kelly explained, "and as we dug in on Fraser, we just liked what we saw. We have a great workforce. It's one that can expand and contract appropriately for the workload on hand. It has a great footprint – 60 acres on Lake Superior, only about 15 of which are currently utilized. So there's lots of expansion potential. It all just made sense. One thing led to another, and we were able to come to terms with the Capstan organization and are excited about where we are."

Fraser Shipyards has had a long run of local ownership and is a source of pride due to Superior's longtime industrial maritime history. And it will continue its evolution to meet new competitive challenges; in today's global economy, foreign ownership is prevalent throughout the Great Lakes and on all three coasts.



"Shipyards are huge businesses these days, so we think it's a natural progression," Reddin said.

INFRASTRUCTURE UPGRADES AND A NAVY CONTRACT

The shipyard currently employs about 250 men and women, with an additional 100 people on hand for lay-up work around the harbor. Over the past decade, significant work has been done to



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improve the shipyard's infrastructure that includes new dock facings, upgrading Dry Dock 2 to meet naval specifications, and upgrades in electrical systems and machining capability.

Reddin wants to see this modernization continue. "We want to make it more competitive. We need to build out infrastructure to compete with the big guys," he said. "We can't be a Fincantieri

The Lake Assault Boats subsidiary will deliver its 200th vessel this April – a noteworthy achievement. The company typically supplies tough vessels for fire departments, law enforcement and search and rescue operations that are built to perform well in challenging weather and water conditions. In early 2020, it landed a five-year contract with the U.S. Navy to build 119 Force Protection-Medium (FP-M) harbor patrol vessels. The Navy will deploy these patrol boats to safeguard both its ships and its personnel at navy ports across the world. Last year, Lake Assault also opened a small maintenance and repair facility in Portsmouth, Virginia. That plant currently has about 10 employees.

The firm's third subsidiary, Northern Engineering (NECO), derives its work mainly from the Great Lakes maritime industry, rebuilding and machining engine room components. NECO, whose competitors are largely national and global, has just increased its sales staff to grow that portion of the business.

The ownership group recognizes the legacy of Fraser Shipyards and believes in its growth potential. "We fully appreciate the

FOUNDRY MOUNTAIN ALSO SEES SIGNIFICANT OPPORTUNITIES IN THE WIND ENERGY INDUSTRY TO BUILD WIND FARM SUPPLY VESSELS.

or Philly shipyard; we don't have that footprint, we don't have that goal." Instead, he explained, the goal is to compete in the midsize market, where there is not as much competition for small-boat contracts. He also wants to expand what he calls over-winter work and maintenance. "Our vision is that business is a lot bigger starting next year and increasing every single year," Reddin said. "There's going to need to be infrastructure build-out to compete there."

"A GREAT EMPLOYEE BASE, A GREAT ASSET POSITION"

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history of the yard,” Kelly said. “We know that we have a commitment to the community as owners coming in. It’s not something we take lightly.”

Future plans, he added, include Fraser Shipyards pursuing contracts with the U.S. military, participating in the continued upgrade of shore and waterborne military fleets. Chicago-based Foundry Mountain also sees significant opportunities in the wind energy industry to build wind farm supply vessels, since the U. S. wind industry on the East Coast and West Coast is rapidly expanding, he explained.

In fact, Kelly added, the appetite in the industry for these vessels is exceeding the building capability of East and West Coast yards: “The demand is moving to the Great Lakes to build these

vessels as well, and we’re ideally suited to participate as a small business.”

Kelly, who is based outside of the Chicago area, is on-site at Fraser Industries Monday through Thursday. As the new ownership team settles in, he emphasized that the attraction of acquiring Fraser Industries is to grow its footprint and take the companies to the next level.

“We think we have a great footprint to do that with – a great employee base, a great asset position. We’re just excited,” said Kelly. “We’re in the early innings or early stage, for sure. But we’re certainly excited about what we’re seeing developed here.”

Patrick Lapinski is a freelance writer who grew up in Superior.

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