

PROJECT FINANCE: THE TUTORIAL AGENDA

APRIL 26–27, 2010
NEW YORK, NY

Monday, April 26, 2010 | 1:00 p.m.—4:45 p.m.

8:00-8:30 Workshop Registration

8:30 AM—12:00 PM **PROJECT FINANCE: DEFINITIONS, PRINCIPLES AND THE INTEGRATED STRUCTURE—A ½ DAY PRIMER**

Presenter:

Richard D. Grant, *Managing Director*, Sextant Capital Strategies, LLC

Noon -1:00 PF: The Tutorial Registration

Monday, April 26, 2010 | 1:00 p.m.—4:45 p.m.

1:00 - 1:15 Welcome & Introduction from the Chairman

1:15- 2:15 **Overview of Project Finance—Risks, Structures and Funding Sources**
This presentation will explore a range of issues that can impact upon the viability of a project's financing, including: general costs and economics, debt vs. equity financing, capitalizing upon governmental incentives and creating a sound legal structure of contracts for your financing. It will also provide an overview of some of the main deal structures typically used, and their impacts on project economics and risks. This will provide an intellectual framework for the next section, where you will hear from a series of project participants on their roles and how they either assume or mitigate a variety of risks.

Presenter:

Allan Marks, *Partner*, Milbank, Tweed, Hadley & McCloy LLP

Assessing & Mitigating Risk

2:15-3:00 **The Contractor's Perspective on Identifying and Mitigating Construction, Completion and Performance Risk**

This presentation will outline the role of the Engineering, Procurement, and Construction (EPC) Contractor in a project financing. Current market conditions and dynamics will be analyzed, and the effects these changes are having on project development and financing. There will be discussion on risk identification, quantification, and allocation to the

responsible party, and how to deal with uncertainties facing contractors, developers, and financiers in today's market. The presentation will also discuss the contractor's perspective on using the EPC contractor as a source of equity, and the process for selecting the EPC Contractor and reaching contract closure.

Presenter:

David Williams, *Senior Director, Sales, Power Business Line*, Fluor Corporation

3:00 - 3:30 Break

3:30 – 4:15 **Environmental Review Process—Identifying and Mitigating Environmental Risk**

This presentation will discuss key environmental issues encountered during financing of new power projects and during acquisition of existing facilities. This will include permits and approvals, including NEPA reviews, compliant environmental design, site issues, compliance issues for operating power plants, and other future issues. The presentation will primarily discuss domestic power plants with some comment on foreign projects, and will explore technical detail during the question period.

Presenter:

Philip Karmel, *Partner*, Bryan Cave LLP

4:15 – 5:00 **The Due Diligence Process: The Role of the Independent Engineer in Evaluating Technical Risk**

This presentation will explain how independent engineers are used in project financings to evaluate and mitigate technical and other risks in project financings. Ms. Chase will explain the key technical questions that participants (and especially lenders) must understand and discuss the role of independent engineers in two special circumstances: after the close of project financing and when transactions involve the acquisition of existing facilities.

Presenter:

Hope Hartley Chase, *Executive Consultant*, Shaw Consultants International, Inc.

Tuesday, April 27, 2010

7:30 - 8:30 Continental Breakfast

8:30 – 8:45 Welcome & Introduction to *Day Two*

Project Finance Structures and Negotiations

8:45 - 9:30 **Structuring Partnership Agreements**

This presentation will review critical terms, provisions and negotiations involved in forming partnership agreements, including:

- Matching structure to business context and objectives
- Structuring vs. negotiating—key differences
- Assessing the impact of structuring choices
- Advantages and disadvantages of leases vs. partnerships in downside and buyout situations

Presenter:

R. Thomas Amis, *Partner*, Alston + Bird LLP

9:30 – 10:15 **Negotiating and Documenting the Key Project Agreements**

This presentation will review critical terms, provisions and negotiations involved in forming project agreements, including:

- Off-take or revenue contracts
- Construction contracts
- Supply contracts
- Operation contracts

The presentation will also discuss the key elements in successfully negotiating power purchase agreements (PPAs) and franchise and concession agreements.

Presenter:

Ayaz Shaikh, *Partner*, Pillsbury Winthrop Shaw Pittman LLP

10:15 - 10:45 Coffee Break

Assessing Creditworthiness and Accessing Capital

10:45 – 11:30 **Attracting Equity Investment in Today's Market**

This presentation will discuss the role of private equity, including what makes equity funds interested in financing projects, which equity funds are currently involved in what projects, which funds are projected to become involved, and which sectors are of most interest to equity funds.

Presenter:

Jeremy Rosenshine, *Transaction Counsel*, Pattern Energy

11:30 – 12:15 **Loan Requirements in Today's Lending Environment**

This presentation will explain how lenders (both commercial banks and other institutional investors) evaluate project financings that are seeking credit, and will detail what levels of risk relative to project cash flows are financeable in today's market. It will also discuss some credit enhancement mechanisms that have proven particularly effective at making up any shortfalls in a project's creditworthiness.

Presenter:

Carl Weatherley-White, *Managing Director*, Barclays Capital

12:15 -1:30 Group Luncheon

1:30 – 2:15 **Role of Insurance and Institutional Investors in Project Finance Today**

Institutional investors have remained an active source of financing, and their role may expand as a result of the DOE loan guarantee program. This presentation will provide a current perspective on their role in the project finance markets and discuss their risk-reward appetite, as well as how they evaluate opportunities.

Presenter:

Bob Percopo, *Executive Vice President*, Project Finance Advisory Services, Global Marine & Energy, Chartis

2:15 – 3:15 Panel Discussion:
Perspectives on Today's Capital and Loan Markets for Project Financings

Moderator:

Allan Marks, *Partner*, Milbank, Tweed, Hadley & McCloy LLP

Panelists:

Hope Hartley Chase, *Executive Consultant*, Shaw Consultants International, Inc.

Steve Cheng, *Managing Director, Co-Head Global Project Finance*, Credit Suisse

Terry Pratt, *Director*, Standard & Poor's

John Ravis, *Vice President*, TD Banknorth Project Finance

Carl Weatherley-White, *Managing Director*, Barclays Capital

3:15—3:45 Afternoon refreshment & networking break

3:45—4:30 **Review of Projects from an Equity Investor's Perspective Example**
This presentation will walk through the evaluation of project structure and economics from an equity perspective. It will show how to assess whether or not returns would justify the investment, and determine the key factors affecting equity returns.

Presenter:

4:15—5:15 **How to Structure a Loan and Determine the Loan Amount**

- Debt service coverage ratios vs. quality of cash flow/credit
- Role of production uncertainty (especially in wind power projects - P50 vs P99 production scenarios)
- Reserve accounts for debt service, operating contingencies and unscheduled maintenance
- Type of tranches and assumed amortization structures
- Multi-tranche structures and related inter-creditor issues

Presenter:

Mohammed Alam, *President*, Alyra Renewable Energy