

**The Education Committee of the
National Federation of Municipal Analysts**

**ADVANCED SEMINAR
ON
PROJECT FINANCE**

**January 17-18, 2002
Hard Rock Hotel at Universal Orlando
Orlando, Florida**

Municipal bond analysts are now being required to analyze project financings with greater frequency, as these structures become more common. However, few analysts have had formal training or prior experience with these complex transactions. The purpose of this seminar is to provide analysts new to project finance with a broad overview of the sector as well as sharpen the insight of more experienced analysts with in-depth study.

The term "project finance" generally refers to a non-recourse or limited recourse financing structure combining debt, equity and credit enhancement. Funds are typically used for the construction and operation of a particular facility. Credit appraisals are based upon the projected revenues from the operation of the facility, rather than the general assets or the credit of the sponsor of the facility. These financings are riskier than traditional municipal bond structures, in that revenues to service debt depend on the successful completion and operation of the project being financed. Recent examples of municipal project finance transactions include construction projects for toll roads, energy generation, special airport facilities, bridges and waste disposal plants. All aspects of project finance will be represented by the panelists, which include analysts, bankers, consultants, attorneys, contractors, and issuers.

PROGRAM:

Thursday, January 17

- 7:45 – 8:15 a.m. ***Registration and Continental Breakfast***
- 8:15 – 8:30 a.m. ***Opening Remarks***
Eric Friedland, FSA, NFMA Education Committee Chairman
- 8:30 – 9:45 a.m. ***Project Financing of Hotels, Sports Facilities and Toll Roads***
What are the keys to success, and how do you avoid the pitfalls?
- Moderator: *Robert Walsh, Bear Stearns*
Panelists: *Dave Klinges, Bear Stearns, Dan Champeau, Fitch,
Lauren Kuffler MacDonald, Standard & Poor's*
- 9:45 – 11:00 a.m. ***Understanding the Benefits and Limits of Feasibility Studies***
This panel will cover the characteristics of a strong unbiased feasibility study, discuss quantitative vs. qualitative techniques, and describe advances in the field of feasibility studies.

Moderator: *Gary Lasman, Liberty Funds*

Panelists: *Robert Muller, JP Morgan, David Lewis, PhD, HLB Decision Economics, Kreg McCollum, Navigant Consulting*

11:00 – 11:15 a.m.

Break

11:15 – 12:30 p.m.

Risk Management in Project Finance

OK, you've got great project fundamentals (e.g., demand, financial assumptions, etc.). How might construction risk, contractor/sub-contractor risk, completion delays and "ramp-up" risks detract from the success of your project? Panelists will analyze and discuss some of these less well-understood hazards. What are the most effective ways to cover these risks? How are these risks factored into project finance ratings? The various risk-transfer products available (letters of credit, sureties, bonding, insurance, etc.) and their pros/cons will also be discussed.

Moderator: *Natalie Cohen, FSA*

Panelists: *Harold Dorbin, Nielsen-Wurster, William Chew, Standard & Poor's, Third Panelist to be determined*

12:30 – 2:00 p.m.

Luncheon with Speaker – Matteson Scott, Parsons Brinkerhoff

2:00 – 3:15 p.m.

Private-Public Partnerships: Pitfalls and Benefits

What are the common elements found in successful public-private partnerships? Speakers will address this question and explore missteps to be avoided when considering a financing involving participants with overlapping, yet diverse objectives.

Moderator: *William Hogan, CIFG*

Panelists: *Stephen Howard, Lehman Brothers, William Streeter, Fitch, Robin Davidov, Northeast Maryland Waste Disposal Authority*

3:15 – 3:30 p.m.

Break

3:30 – 4:45 p.m.

The Dissection of Design-Build Contracts

This panel will examine some of the key aspects of a design-build contract. How should scope and schedule control, contingency and liquidated damages be addressed? Does a contract which protects the developer also protect the lender? The panel will consist of an attorney, a contractor and a banker or developer.

Moderator: *Lee Cunningham, Federated Investors*

Panelists: *Panelists to be determined*

5:30 – 6:30 p.m.

Cocktail Reception

Friday, January 18

- 8:00 – 8:30 a.m. ***Continental Breakfast***
- 8:30 – 9:45 a.m. ***The Roles of the Various Players in a Project Finance Transaction – 20/20 Hindsight***
This panel will discuss the sometimes repeated and often-avoidable mistakes made by both sell side and buy side firms in Project Finance. The goal will be to engage the attendees in a meaningful exchange of lessons learned.
- Moderator: *Cynthia Brown, John Hancock Funds*
Panelists: *Eric P. Kimball, Nabors, Giblin & Nickerson, Jeffrey M. Wilson, Saybrook Capital, LLC, Richard W. Haber, American Express Financial Corp.*
- 9:45 – 11:00 a.m. ***International vs. Domestic Project Finance Transactions***
What is the UK PFI Initiative? What infrastructure projects are being accomplished in Europe with project finance? What should analysts watch out for in the Pacific Rim project Finance initiatives? How will the current economic slowdown and events following September 11 affect international project finance? What makes a project a good investment? These topics and more will be discussed.
- Moderator: *Natalie Cohen, FSA*
Panelists: *Susan Abbott, Moody's Investors Service Frank Minerva, MBIA, Buy Side Analyst to be determined*
- 11:00 – 11:15 a.m. ***Break***
- 11:15 – 12:30 p.m. ***How Credit Analysts View Project Finance Transactions***
A look at how analysts assess the risks of project transactions and how they attempt to mitigate these risks. The panel will compare and contrast the perspectives of analysts from a rating agency, a bond insurer, and a buy-side firm, and look at both taxable and tax-exempt transactions.
- Moderator: *Ken Kurtz, Moody's Investors Service*
Panelists: *Molly Butler, Franklin Advisors, Robert Johnson, Moody's Investors Service, Kate McDonough, Ambac*
- 12:30 p.m. ***Seminar adjourns***

The views expressed at the Advanced Seminar are those of the speakers alone and do not necessarily represent those of the National Federation of Municipal Analysts.

EDUCATION COMMITTEE:

Eric Friedland, FSA
Nancy Belz, Federated Investors

SEMINAR CO-CHAIRMEN:

Eric Friedland, FSA
Natalie Cohen, FSA

NATIONAL FEDERATION OF MUNICIPAL ANALYSTS

NFMA
P.O. Box 14893
Pittsburgh, PA 15234
Phone: 412-341-4898
Fax 412-341-4894
Web Site: www.nfma.org
Email: lgoodnfma@adelphia.net

REGISTRATION:

Registration for the seminar is \$450, which includes all seminar materials, two continental breakfasts, one luncheon and the cocktail reception. There will be multiple attendee discounts for firms sending three or more persons to the seminar. The discount will be \$50 per person. Please make checks payable to the NFMA and send to: NFMA, P.O. Box 14893, Pittsburgh, PA 15234. The registration deadline is December 31, 2001. Cancellations will not be accepted after December 31, 2001; however, substitutions may be made with advanced notice to the NFMA. Please call Lisa Good, Executive Director, at 412-341-4898 with any questions.

HOTEL:

The Hard Rock Hotel at Universal Orlando, A Loews Hotel, 5800 Universal Boulevard, Orlando, Florida, has been selected as the site of the Advanced Seminar. A block of rooms has been set aside for seminar attendees for the nights of January 16 and 17. The group rate is \$185/night. Individuals should call hotel directly at 1-888-331-3592 and refer to the National Federation of Municipal Analysts to receive the group rate. *The room block will be closed on **December 20, 2001**. Subject to Group room block availability, the Hotel will honor the NFMA's contracted rate three (3) days before and three (3) days after the meeting dates.*

ATTIRE:

Business casual is acceptable for the seminar.

REGISTRATION FORM
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Orlando, Florida

Name: _____ Title: _____

Firm: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

Society: _____ Change of firm/address? _____

Send registration form and check to:

NFMA
P.O. Box 14893
Pittsburgh, PA 15234

The deadline for registration is December 31, 2001.