



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

**ADVANCED SEMINAR
ON**

P3s and Infrastructure

January 31 & February 1, 2019

The LINE Austin

Austin, Texas

Thursday, January 31

7:30 – 8:00 a.m. **Registration and Continental Breakfast**

8:00 – 8:15 a.m. **Opening Remarks** – *Rachel Barkley, Loop Capital Markets, Advanced Seminar Chairperson*

8:15 – 9:30 a.m. **Federalism and Infrastructure**

The panel will examine the effect that federalism has on infrastructure spending. How has spending at various levels of government varied over time? What is the appropriate level of spending on infrastructure at the various levels of government? How does spending at one level of government affect spending at another level? How does federalism affect the P3 market?

Moderator: *Bedford Lydon, Vice President and Senior Fixed Income Analyst, McDonnell Investment Management*

Panelists: *Dr. Sheila Campbell, Principal Analyst Congressional Budget Office, Microeconomic Studies Division (Invited); Nicholas Rodman, Professional Policy Staff, Republican Study Committee, US House of Representatives (Invited); Joseph Kane, Senior Research Associate and Associate Fellow, Brookings Institution*

9:30 – 9:45 a.m. **Break**

9:45 – 11:00 a.m. **High-Level Legal and Accounting Principles to Consider for P3s**

This panel will cover high level legal and accounting principles to consider during the procurement process and the development of the P3 agreement that covers the project. This panel will include experts to discuss how different P3 repayment structures are treated by both auditors and rating agencies. Legal advisors representing both governmental entities and private sponsors will also discuss how different risk allocation is viewed on either side of the P3 project.

Moderator: *Steve T. Park, Partner, Ballard Spahr*

Panelists: *Scott Reeser, Supervising Project Manager, GASB; Michael Westermann, Assistant Attorney General, Virginia; Brian Kirby, General Counsel, Sacyr*

11:00 – 11:15 a.m.

Break

11:15 a.m. –
12:30 p.m.

Cracking the P3 Decision-Making Process

The decision to use traditional procurement methods or a P3 to deliver major infrastructure projects can be quite complex. This session aims to de-mystify that process by speaking with senior governmental representatives and financial advisors who participated in the P3 process in recent years to learn how they weighed the pros and cons of a P3 and what factors ultimately led policymakers to their decision. We will also discuss how public perception weighed on the procurement decision and what strategies were used to understand and address related public concerns.

Moderator: *Scott Monroe, Director, Fitch Ratings*

Panelists: *Neil McMonagle, Senior Managing Director, EY Advisory Services; Nanda Kamat, Director, MUFG; David Spector, Director, High Performance Transportation Enterprise (HPTE) Colorado (Invited)*

12:30 – 1:45 p.m.

Luncheon with Speaker - *Duane Callender, Director, Credit Programs Office, Build America Bureau, US Department of Transportation*

2:00 – 3:15 p.m.

Construction Contracts and Security

This panel will focus on the following questions 1) What does it mean to have a "drop down" or "back to back" contract? 2) What does the limitation on liability mean? 3) What is the role of the LTA? 4) How does one enforce a parent guaranty? 5) What does a P&P bond really do? What are "quick draw" provisions and do they work? 6) How do the LCs work? and 7) What should analysts look for when they pick up an 800-page POS?

Moderator: *Sandra Brinkert, Senior Vice President, Bank of America Merrill Lynch*

Panelists: *Vincent Casey, Partner, Ashurst LLC; Lindsay Krauss, Senior Legal Counsel, HOCHTIEF PPP Solutions; Joshua Lalonde, Vice President P3 Advisory, WT Partnership*

3:15 – 3:30 p.m.

Break

3:30 – 4:45 p.m.

So Your Project is Built, Now What?

This panel will look at post-construction operations and maintenance. One advantage of P3s is whole-life costing, such that the concessionaire will propose the combined construction and maintenance package that provides overall lower cost, as opposed to traditional government bidding that focuses on lowest cost construction. Another consideration is that whole life costing with a 30-year agreement doesn't allow the government to defer maintenance, resulting in a lack of budget flexibility in that the availability payment is now a fixed obligation.

One of the risks to bondholders during the O&M period is that the concessionaire is bidding today on an expected 30-year operations and maintenance budget. If they are wrong, it impacts the net revenue that is used to pay debt service. There are examples in the UK of projects that have required more maintenance than budgeted, narrowing margins.

Moderator: *Mary Francoeur, Managing Director, PFM Financial Advisors, LLC*

Panelists: *Matthew Hobby; Geoffrey Durno, Managing Director, Assured Guaranty (Invited); Representative, Texas Department of Transportation*

5:00 – 6:00 p.m. **Cocktail Reception**

Friday, February 1

7:30 – 8:00 a.m. **Continental Breakfast**

8:15 – 9:30 a.m. **P3s and Higher Education**

In a constrained resource and state funding environment, more colleges and universities are turning to P3s and other alternative procurement strategies to meet their infrastructure needs. Historically, universities have entered into demand-driven P3s for housing projects, but they are now exploring a variety of different models, including concession agreements, monetizations, and availability-based payment structures to meet core academic and infrastructure needs. This panel will include discussion from the university, developer and banking perspectives.

Moderator: *Susan Fitzgerald, Associate Managing Director, Moody's Investors Service*

Panelists: *Jamie Wilhelm, Executive Vice President, American Campus Communities; John Augustine, Managing Director, Barclays; Geoff Chatas, Chief Financial Officer, Georgetown University*

9:30 – 9:45 a.m. **Break**

9:45 – 11:00 a.m. **Alternative Financing Structures: It's about the Risk**

What are the factors that public sponsors assess in determining the best P3 financing structure? This panel will seek to discuss the positive and negatives associated with availability based P3s and demand based P3's for the public sponsor as well as the private consortium/ lenders. Are there other financing strategies that more equitably spread the benefits of infrastructure amongst the private and public sector? Are there certain infrastructure sub sectors that are better served using certain financing approaches? Do availability based P3's really increase investment infrastructure? Should the private sector take construction and demand risk?

Moderator: *Randall Gerades, Director, Wells Fargo*

Panelists: *Julie Kim, Senior Fellow, Director, P3 FLIPS Program, Stanford University; R. Ricardo Bosch, North American Commercial and Bidding Vice President; Director of Business Development, Cintra; Michael Evans, President, Moynihan State Development Corporation (invited)*

11:00 – 11:15 a.m. **Break**

11:15 a.m. –
12:30 p.m.

P3 International Best Practices

This panel brings together individuals with experience working on P3s in different countries to discuss international best practices that could be applied in the U.S. Panelists will discuss the following topics in relation to their international experience: (i) federal government involvement – is federal support required for a successful P3 program?, (ii) procurement strategy at state and local levels – what is the best procurement strategy to reach an optimal outcome for all parties?, and (iii) transfer for risk – what risks should be held by the public sector? Finally, panelists will compare and contrast financing strategies across countries and, specifically, how U.S. municipal finance is unique and an important consideration in P3 delivery.

Moderator: Jessica Platko, Senior Vice President, Mesirow

Panelists: Aaron Toppston, Senior Development Manager, The Walsh Group; Grant Headrick, Managing Director, Infrastructure Finance, DBRS; Third panelist, TBD

12:30 p.m.

Seminar Adjourns

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

EDUCATION CHAIR

Anne Ross, Muni Credit & Compliance Advisors LLC

ADVANCED SEMINAR CO-CHAIRS

Rachel Barkley, Loop Capital Markets

Michael Taylor, Sentinel Investments / National Life Group

REGISTRATION

Registration for the seminar is \$450 for full members of the NFMA and its Constituent Societies, and \$550 for non-members, which includes two continental breakfasts, one luncheon and the cocktail reception. A limited number of discounted registrations for government employees and students are available; inquiries should be directed to Lisa Good at 412-341-4898, or lgood@nfma.org. Registration is online only at www.nfma.org. The deadline for registration is January 10, 2019. Cancellations will be accepted through January 10, 2019; a \$50 processing fee will be applied regardless of the reason for cancellation. Beginning January 11, 2019, there will be no refunds; however, substitutions from the same firm will be accepted. If weather conditions prevent attendance, proof of flight cancellations must be provided and a partial (50%) credit will be given to be applied to registration for a future NFMA event.

HOTEL

The site of the seminar will be the LINE Austin, 111 E. Cesar Chavez, Austin, Texas 78701. Group rooms are available at the rate of \$289/night. Subject to availability, the group rate will be available three days pre- and post-the event dates. To make reservations, call 512.473.1543 or go to <https://gc.synxis.com/rez.aspx?Hotel=2427&Chain=17841&template=RBE&shell=RBE&arrive=1/30/2019&depart=2/1/2019&adult=1&child=0&group=1901ADVMTG>. Please note the hotel's early departure and cancellation fees when you make your reservations. The room block is limited.

ATTIRE

Business casual is acceptable for the seminar.

TRANSPORTATION

Austin is served by the Austin-Bergstrom International Airport, which is seven miles, or approximately 15 minutes from downtown Austin. Taxi service from the airport to the hotel is estimated to cost \$30. Super Shuttle runs service to downtown hotels at a cost of \$14 (one way), or \$28 (round-trip from downtown). Call 512-258-3826 to schedule service.

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