



Project Finance

Since its founding in 1913, Chapman and Cutler LLP has focused on finance and financing transactions. The firm is one of the preeminent law firms in the areas of corporate and public finance, tax, banking, securities, bankruptcy and financial litigation. Our history and focus enable us to consistently develop innovative and practical legal solutions for complex financial transactions.

Project finance is one of Chapman and Cutler's most comprehensive disciplines. Fundamentally, project finance is a focused application of long standing non-recourse and limited recourse structured finance used by project promoters to shift certain risks, debt obligations and accounting liabilities to willing third parties.

Chapman and Cutler represents clients in traditional project development and finance sectors such as power and energy, utilities, oil and gas, transportation (highway, rail and air), infrastructure, mining and metals, water and waste treatment and petrochemicals, as well as innovative project development and finance areas such as public-private partnerships and sport arena and stadium finance. The firm has experience with all aspects of the negotiation and review of key engineering and construction contracts, operating agreements, electric and gas sale contracts and other off-take arrangements and varied other project agreements. In addition, Chapman and Cutler attorneys negotiate and structure debt and equity investments in projects, including non-recourse and limited recourse debt, equity placements, mezzanine debt, leveraged and synthetic leases and public offerings of taxable and tax-exempt debt.

Project finance requires multi-discipline teams of attorneys. Chapman and Cutler's project finance practice group consists of a diverse staff of professionals with extensive experience in legal disciplines including finance, regulatory, corporate and securities, real estate, secured transactions, environmental, tax and bankruptcy law in domestic and cross-border transactions. Of particular note, our environment, energy and resources practice group has substantial experience with

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Areas Of Concentration

Project Finance Due Diligence
Public-Private Partnerships
Redevelopment/Land Use Planning
Sports Facilities

manufacturing, mining, energy and other industrial facility siting, permitting and compliance issues under the Clean Air Act, the Clean Water Act and solid and hazardous (and radioactive) waste generation, treatment and disposal.

Chapman and Cutler deal teams are tailored to complement each particular project financing, maximizing our ability to assist clients in developing and transforming project finance concepts into effective, efficient transaction structures. Interdisciplinary teams also assist in debt restructurings and workouts relating to each project financing.

Representative Transactions

- Chapman and Cutler represented the underwriter in connection with the Rule 144A issuance of up to \$475 million in auction-rate debt securities by Cowboys Stadium, L.P., the proceeds of which were used to construct a new stadium for the Dallas Cowboys in Arlington, Texas. The innovative structured finance transaction used auction-rate securities and derivatives to provide 32-year term financing for the facility at highly competitive interest rates.
- *Solar Electric Power Plant.* Chapman and Cutler represented institutional investors in the financing for the acquisition of general and limited partnership interests in partnerships that own five 30-megawatt solar electric generating projects (Kramer Junction SEGS III-VII) located in the Mojave Desert. The projects cover 1,300 acres and utilize parabolic trough technology to produce electricity from solar energy. The transaction utilized a hybrid holding/operating company structure where the proceeds of senior secured notes were loaned to the five operating partnerships that own the solar projects. This hybrid structure permitted the holding company issuer to maximize the portfolio effect of the five separate projects, whereby the negative effects of an under-performing project could be mitigated or completely negated by one or more over-performing projects.
- Chapman served as underwriter's counsel for Citigroup Global Markets in the issuance of nearly \$117 million in airport revenue bonds to help finance the Branson Regional Airport. This was the first privately developed and operated commercial airport in the United States and is large enough to handle narrow-body commercial jets, serving up to 800,000 passengers annually. Branson, known as the "Family-Friendly Las Vegas," receives almost eight million visitors each year.

Related Practices

Corporate Finance and Securities

Environment, Energy and Resources

Lease Finance

Project Finance Due Diligence

Public-Private Partnerships

Redevelopment/Land Use Planning

Renewable Energy

Sports Facilities

Sports Finance

Utility Finance

- *Central Utility Plant.* Chapman and Cutler, acting as initial purchaser's counsel, participated in a \$128,623,000 Rule 144A Taxable Revenue Bond financing by a special purpose entity of a central utility plant that is being constructed by (and when operational will be operated by) an affiliate of a Fortune 100 company. The central utility plant will furnish steam and chilled water and provide electric power conditioning and emergency electrical power services to various federal governmental agencies.
- *Ohio Valley Electric Corporation.* Chapman and Cutler, in the capacity of special investors' counsel, worked with the Ohio Valley Electric Corporation ("*Ohio Valley*") in the structuring and successful closing of a \$445,000,000 financing which proceeds will be used to repay certain debt of Ohio Valley associated with two coal-fired generating stations: the 1,075 MW Kyger Creek Plant in Cheshire, Ohio and the 1,290 MW Clifty Creek Plant in Madison, Indiana. This project financing is backed by the power purchase obligations of the following utilities: Allegheny Energy, Inc., American Electric Power Company, Inc., The Cincinnati Gas & Electric Company, Columbus Southern Power Company, The Dayton Power and Light Company, Kentucky Utilities Company, Louisville Gas and Electric Company, Ohio Edison Company, Southern Indiana Gas and Electric Company, The Toledo Edison Company and Buckeye Power Generating, LLC. These entities do not guaranty or otherwise undertake direct obligation for the financing.
- *Ethanol Plant.* The firm served as underwriter's counsel and special tax counsel on a solid waste disposal bond financing for a 100 million gallon ethanol plant in Hereford, Texas. The first-of-its-kind facility generates the steam used to manufacture ethanol by gasifying more than one billion pounds of cow manure a year, making it one of the most fuel efficient ethanol refineries in the nation.
- *Water Treatment Plant.* Chapman and Cutler represented the underwriter in connection with the public financing of a water treatment plant by a special purpose entity ("*SPE*") created to finance and own the plant. The SPE then leased the plant under an operating lease to a regulated public utility, which was unable to incur the indebtedness (including capital lease obligations) necessary to build the plant due to limitations in its mortgage indenture.
- *Rail and Intermodal Facility.* The firm represented the issuer in the financing of the new rail and intermodal facility. This financing incorporated two separate financings - a securitization of rents under a ground lease entered into by the issuer with respect to property included within a former Super Fund site, the subject of years of remediation, and a leveraged lease financing with respect to the improvements constructed on the land leased under the ground lease. The financings utilized public and private debt and a single equity investor with respect to the improvements and involved a multitude of structural, tax, real estate and environmental issues.
- *Oil/Gas Production Platforms.* Chapman and Cutler represented institutional investors in the leveraged lease financings of two offshore oil and gas production platforms (a/k/a oil rigs). The platforms were built in Finland and the construction was financed on an interim basis pursuant to synthetic lease transactions. Undivided interests in the platforms were leased to Kerr-McGee Oil & Gas Corporation (a subsidiary of Kerr-McGee Corporation) and Ocean Energy, Inc. The platforms made the journey from Europe and are located in the Gulf of Mexico.
- *Steel Mill Mezzanine.* Chapman and Cutler served as counsel to the mezzanine investors in the successful closing of the financing of the construction of a cold process steel mill, which involved the negotiation of the terms of the subordinated debt and second lien documentation over all project assets, intercreditor

arrangements with senior lenders, negotiation of warrants and related equity rights and the review of collaterally assigned project documents including an off-take agreement, tolling and purchase agreement, equipment supply, electric supply, construction management, engineering and construction support services agreements.