NEW YORK UNIVERSITY
Stern Graduate School of Business

B40.3160.01 Project and Structured Financing
Tuesday 9:00 – 10:20 am Fall 2005

Professor Barry Gold E-mail: bgold@stern.nyu.edu
Office: Citigroup
390 Greenwich Street
New York, NY 10013

Class Location: 2-80 Kaufman Management Center Office Hours: By appointment

Required Book:
Other reading materials to be provided.

Prerequisite:
A passing grade in Foundations of Finance and Corporate Finance.

Grading: Project/paper, 30%; class participation/attendance, 20%; final examination, 50%.

Mid-term Examination: There will be a multiple choice open-book mid-term examination due on Tuesday, October 22, 2005. This examination is primarily for the purpose of permitting both you and me to assess your understanding of some key concepts. The examination grade will only be used if it improves your grade, not if it would reduce it.

Project: You may work individually, or in a group totaling up to 5 people; the project will be graded with a degree of scrutiny directly related to the size of the team.

• Please select a situation where project financing would be appropriate (based on something about which you have read or heard, or a hypothetical project); you may not use a project which has already been financed or where an analysis is publicly or non-publicly available
• E-mail to me by Friday, September 23, 2005, your project and group
• I will discuss the assignment in more detail on Tuesday, September 27, but it will include a full technical and business description of the project, a thorough credit and risk analysis, and a comprehensive financing plan; outline/format to be provided
• Please e-mail questions to me or ask on Tuesday, September 27
## Preliminary Course Outline

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<tr>
<th>Session</th>
<th>Topic(s)</th>
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<tr>
<td>1</td>
<td><strong>Introduction and Overview of Course</strong>: what is project and structured financing (as compared with sovereign finance and corporate finance); issuer/borrower objectives; introduction to the fixed income markets; how project and structured financing fits into the fixed income markets.</td>
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| 2       | **Foundations of Project Finance**: project finance basics and its primary financial markets.  

| 3       | **Developing a Project Financing**: incentives of project sponsors; project development; roles of various project parties, particularly lenders.  

| 4       | **The Role of Credit Ratings**: role of ratings in project and structured financing; project financing credit criteria; political risks and the importance of sovereign ratings.  

| 5       | **Project Contracts**: project contracts as the cornerstone of most project financings; various types of project contracts and ancillary agreements; risk analysis and allocation.  

| 6       | **Business and Financial Risks**: commercial and economic risk identification, analysis and mitigation.  

| 7       | **Political Risks**: classification, allocation and financial/institutional mitigation.  

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<tr>
<td>9</td>
<td>Moving to Non-contractual Offtake Projects: are offtake/revenue contracts always needed; deregulation; “merchant” power plants. Salomon Smith Barney: “Nonrecourse” Merchant Generation Debt.</td>
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<td>11</td>
<td>Market-Based Project Financing: projects can be financed in sectors where contracts are not practicable. Reading: To be provided.</td>
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<td>12</td>
<td>Unexpected Results: defaults; restructuring; true meaning of non-recourse. Reading: To be provided.</td>
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<td>13</td>
<td>Beyond “Traditional” Project Financing: blurring the lines between corporate and project financing. Reading: Salomon Smith Barney: Introducing the “Disaggregators”.</td>
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<td>14</td>
<td>Final Examination.</td>
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