

## Project Finance Group Of The Year: Mayer Brown

By Zachary Zagger



*Law360, New York (January 23, 2015, 6:01 PM ET)* -- Mayer Brown LLP's global project finance group leveraged its attorneys and resources around the world in several game-changing projects including successfully facilitating negotiations to restructure the \$5.4 billion Panama Canal expansion, keeping the project moving amid conflict between the parties, earning it a spot as one of Law360's Project Finance Groups of the Year.

The firm represented companies and government bodies in major infrastructure financing deals around the world from several North American and South American infrastructure projects to mining projects in Africa, designing innovative and unique financing deals to meet the specific needs of each project.

"It seems to me that the hallmark of a deal of the year in a major international law firm is that it should be a notable deal in its own right, that is unique or innovative in terms of the structure, but also that the firm has successfully harnessed the resources it has around the world and brought them together to solve the client's problem," said Barry N. Machlin, co-Chair of Mayer Brown's Global Projects group.

Highlighting Mayer Brown's project finance group work was the representation of the Panama Canal Authority, known as the ACP, in the ongoing Panama Canal expansion, arguably the most significant infrastructure project in the world.

However, despite the global importance of the project, cost overruns estimated to be about \$1.6 billion brought it to a screeching halt, causing particular problems for Mayer Brown's client, the ACP, which suffers \$300 million in lost shipping toll revenues for every year of delay. The firm steered negotiations on the ACP's behalf to find a way to resolve the liability issues between it and the contractor while keeping the construction moving forward.

"The parties to this transaction found themselves in a bit of a quandary, which was how to achieve a restructuring of the financial arrangements funding the construction activities in a way that did not prejudice or interrupt either party's right to ultimately pursue the parties' claims so that ultimately the cost overruns could be settled between the parties in accordance with the contractual procedures," Machlin said.

Machlin likened the deal to trying to sit down at a folding card table in the middle of an active battlefield to try to resolve a conflict while the shooting continues around you. Ultimately, the parties agreed to set

aside liability issues to arbitration, and the project is expected to be completed and operational in the first quarter of 2016.

In South America, Mayer Brown advised on the Rutas de Lima toll road project in Peru, which required \$1 billion in investment across several tranches of bonds to cover multiple risk factors.

The structure included an “extraordinarily uncommon” move to have a tranche of bonds denominated in local currency and sold to international investors, said partner Christopher Erckert, whose work on the deal landed him on Law360's list of Project Finance MVPs.

“It proves that there was a market for Peruvian currency denominated investment among international investors,” Erckert said. “The country hopes that this is sort of a watershed deal.”

The firm also continued its strong reputation in the mining sector advising Nedbank Ltd. and Rand Merchant Bank in an \$88 million senior debt facility for an African unit of Canadian miner Aureus Mining Inc. developing the New Liberty Gold mine in the Republic of Liberia.

The project showed not only Mayer Brown's already strong presence in mining and in Africa but is also a signal of the firm's renewed emphasis on the continent as the firm has expanded globally through several firm acquisitions over the past decade, making it one of Law360's Global 20 firms last year.

“We are placing a huge amount of emphasis in our Africa program,” said London-based partner Ian Coles, who heads the firm's Africa and Mining practices and co-heads the Project Finance practice. “We have been doing deals in Africa since 1992 and in upwards of 20 different African jurisdictions, including many firsts. ... We absolutely see this as a continuation where we are in the market with respect to mining project finance generally and in Africa specifically.”

In addition, Mayer Brown's project finance group worked on several significant U.S. projects like the public-private partnership for Texas SH 183, a toll road in the Dallas/Fort Worth Area. The the Texas Department of Transportation, or TxDOT, had tried to solicit bids through a traditional approach but failed to garner any competition receiving only a single bid.

The firm then helped design a model that allowed the state to keep toll revenues, financing the projects with \$600 million in progress payments from TxDOT and \$250 million in financing provided by the developer, and also included an agreement that the private partner operate and maintain the project for 25 years. The new approach attracted three bidders.

“I think that this transaction has a potential to have a major impact in the market in several ways,” said partner Joseph Seliga, who worked on the deal, noting that TxDOT is already pursuing a similar structure in other projects as well as several other jurisdictions. “On top of that, it provides greater impetus for the further development of the design-build finance approach, whether or not you include the longer operation and maintenance agreement.”

--Editing by Philip Shea.

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