



The Education Committee of the
National Federation of Municipal Analysts

ADVANCED SEMINAR

on

TRANSPORTATION DEBT

January 17 & 18, 2008

Ritz Carlton Marina del Rey

Marina del Rey, California

PROGRAM

Thursday, January 17

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

8:00-8:15 a.m. ***Opening Remarks***
*Mark Stockwell, PNC Capital Advisors, NFMA Education
Committee Chairman*

8:15-9:30 a.m. ***The Emergence of Highly Leveraged Public Toll Facilities***
Current surface transportation needs for both major maintenance and capacity exceed available resources. Public officials are now more keenly aware that public assets under their management have significant value that can be tapped to address a variety of transportation needs. This session will examine the main credit risks that are likely to develop as asset value is monetized?

Moderator: *Mike McDermott, Senior Director, Fitch Ratings*

Panelists: *Michael Craft, Research Analyst, Fidelity Investments; Tim Carson, Vice Chairman, Pennsylvania Turnpike Commission; Scott Trommer, Public Financial Management*

9:30 – 9:45 a.m. ***Break***

9:45 – 11:00 a.m. ***Airport Capacity Constraints and Credit Challenges***
Capacity constraints have become a major concern for many U.S. airports as passenger growth over the last few years has brought system-wide enplanements to record levels. Capacity constraints pose many challenges for airports, most notably the need to finance capital projects to alleviate constraints with limited available resources, and community opposition to capacity expansion projects. Airports that undertake major capital projects are exposed to the risk of construction cost escalation, higher operating costs and the potential diversion of passenger traffic to lower cost airports.

Our panel will focus on how airports are addressing these challenges as well as the credit risks that these challenges present.

Moderator: *Maria Matesanz, Senior Vice President/Team Leader, U.S. Public Infrastructure, Moody's Investors Service*

Panelists: *Cindy Nichol, Director, Jacobs Consulting; Gina Marie Lindsey, Executive Director, Los Angeles World Airports; Kevin Carney, Vice President, JP Morgan Chase*

11:00—11:15 am ***Break***

11:15 a.m. – ***US Ports: Navigating through Challenges***

12:30 p.m. US Ports have always been challenged by global trade trends and changes in the shipping industry. This panel will address some of the more pressing challenges ports are facing today, such as the changing ownership of the port tenant, shifting trade patterns with the emergence of China, and the environmental implications of port operations.

Moderator: *Mary Francoeur, Managing Director, FGIC*

Panelists: *Dan Thomas, Chief Financial Officer, Port of Seattle; Paul Sorensen, Principal, BST Associates*

12:30-2:00 p.m. ***Luncheon***

2:00- 3:15 p.m. ***Toll Roads: Feasibility Studies Revisited***

The accuracy of toll road feasibility studies and their utility in the credit review process has been questioned over the years. As existing projects restructure with private equity and new projects hit the drawing board, this session would revisit the issues surrounding feasibility studies and how they have evolved. With alternative forms of financings being developed, the role of feasibility consultants is also changing, often with investor and lender traffic analysis completed. How should analysts utilize the studies and how can they measure the credit risks associated with unproven toll-related highway financings? How can analysts assess the increasing complexity associated with variable and peak hour tolling forecasts?

Moderator: *Kurt Forsgren, Managing Director, Standard & Poor's*

Panelists: *Ann Ferentino, Assistant Vice President, Federated Investors; Pierre Vilain, Vice President, Halcrow; Hugh Miller, Vice President, Regional Manager, URS Corp.*

3:15-3:30 p.m. ***Break***

3:30-4:45 p.m.

Investment Strategies for Struggling Transportation Bonds

Transportation bonds have been an attractive source of investment return in recent years with start-up toll roads benefiting from privatization and the airline-backed sector receiving the benefits of tighter spreads despite on-going credit problems. In the next round of softening credit, possible recession and spread widening, how will demand for lower grade bonds change? Will bond insurers have the appetite to support start-up transportation infrastructure going forward? How will the global proliferation of P3 funds impact the secondary market for transportation issues with perceived credit challenges? This panel will explore strategies to manage transportation holdings through the next credit cycle.

Moderator: *Jeff Wilson, Managing Director, Saybrook Capital LLC*

Panelists: *Philip Villaluz, Vice President, Merrill Lynch; Meghan Burke, Member, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo P.C.; Stephen Whalen, Vice President, Eaton Vance Management*

5:00-6:00 p.m.

Cocktail Reception sponsored by Saybrook Capital LLC

Friday, January 18

8:00-8:30 a.m.

Continental Breakfast

8:30-9:45 a.m.

Alternative Airport Financings: A Grounded Approach or Just Flying High?

With the need to address deferred maintenance and expand capacity, many airports are resuming their capital programs. However, many officials seem to be shying away from the more traditional GARBs or PFC – backed debt and issuing bonds that are supported by a limited revenue stream, and, in turn, shifting the risk from the airport to the direct beneficiaries of the projects. This panel will discuss the various credit issues related to alternative airport financings. It will include credit and other issues associated with special facility bonds, particularly in light of the airline bankruptcies over the last few years. Also, the panel will speculate on the future usage and credit considerations of these (re)emerging mechanisms.

Moderator: *Chuck Emrich, Vice President, T. Rowe Price*

Panelists: *Bill Kannel, Member, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo P.C.; Susan Rhudy, Director, Citigroup, Adam Whiteman, Managing Director, Frasca & Associates LLC*

9:45-10:00 a.m.

Break

10:00 – 11:30 a.m. ***The Outlook for Leveraging Tax and Federal Funding Sources for Transportation Projects***

Even before the I-35W bridge collapse, there was concern over the gaps in highway funding, particularly as the Federal Highway Trust Fund, the major funding tool for the GARVEE program, was estimated to be broke in a few years. Officials will discuss the current Federal Highway Trust funding climate, how Congress will work to solve the projected gaps in order to protect bondholders who rely on this revenue to maintain high coverage levels, and whether there is an alternative to the gas tax to meet the nation's significant transportation needs. Panelists will also discuss local source revenues and the outlook for Dedicated Tax bonds. S&P will discuss its new rating methodology credit trends in light of rising energy prices, and whether recent upgrades and transportation needs will lead to more utilization of dedicated tax bonds. Attendees will also hear from an issuer that has used a wide variety of financing approaches, including dedicated tax bonds to resolve complex and challenging transportation challenges.

Moderator: *Robert Donahue, Research Analyst, Fidelity Research*

Panelists: *David Hitchcock, Director, Standard & Poor's; James Kenan Executive Director, Finance, Administration and Human Resources Orange County Transportation Authority; Jennifer Mayer, Innovative Finance Specialist, Federal Highway Administration*

11:30 a.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 CO-CHAIRS

*Mark Stockwell, PNC Capital Advisors, NFMA Education Committee Chairman
Alex Fraser, Standard & Poor's, NFMA Education Committee Co-Chairman*

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