

Contracting Systems of Public Private Partnership Projects

28th - 29th November 2006, Corinthia Aquincum Hotel, Budapest

Training Workshop

Meet Your Workshop Leaders

Dr. Péter Köves
Managing Partner
Köves Clifford Chance

Dr. Fruzsina Biró
Former Director General
Ministry of Economy & Transport

Dr. Krisztina Eöri
Legal Advisor
M5 Concession Company (AKA Rt.)

Workshop Highlights

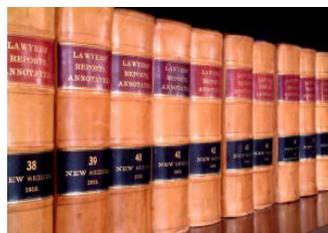
Learn the essentials of:

- regulatory requirements to attract investors
- the legal process
- contracting opportunities to mitigate risk
- project restructuring
- application of the risk matrix
- techniques to avoid disputes
- procurement process
- environmental issues
- negotiation techniques between the public and private sector

through first hand case studies of:

- Hungarian M1/M15 project, the *first toll motorway in CEE*
- the concession structure of the M5 Motorway and how it was *refinanced and restructured* into a real PPP project after 10 years
- the *shortest time* during which a motorway project procurement (M6) was managed and completed
- how to use advisers to proceed towards successful close of PPPs.

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About the Workshop Leaders



Dr. Péter Köves, *Managing Partner, Köves Clifford Chance*

Dr. Péter Köves is Managing Partner of Köves & Partners Clifford Chance, Head of Finance Group since 1993. During his professional career he was team leader of the M5 PPP motorway transaction acting for the Ministry of Economy and Transport in Hungary (2004-2005), team co-leader acting for a consortium of banks in connection with the financing of the M6 PPP motorway project (2004, 2005-) and team co-leader advising a syndicate of banks in connection with the re-structuring and re-financing of the M1/M15 motorway (1997-1998).



Dr. Fruzsina Biró, *Former Director General, Ministry of Economy & Transport*

Dr. Biró had been with the Ministry of Economy and Transport of Hungary for 2 years until recently where she headed the PPP task force unit. She was Chief Negotiator of Hungary during the M5 concession agreement modification and the M6 concession agreement, which was awarded in 10 months. Before that she was Chief Executive Officer of KA-VOSZ Financial Services Rt. where she developed the so called Szechenyi Card, a commercial bank product for SMEs subsidized and guaranteed by the state. Prior to this she had worked for seven years in various financial positions for BANKÁR HOLDING RT. a private company holding capital investments of HUF 50 billion.



Dr. Krisztina Eöri, *Legal advisor, M5 Concession Company, (AKA Rt.)*

Dr. Krisztina Eöri is the in-house counsel of the M5 Concession Company, AKA Rt. from the beginning of the project in 1996. She advised and assisted the main sponsors of the M5 Project in their decisions taken during the past ten years. She also advised Bouygues in other Hungarian construction and development projects (Aréna Project, Kerepesi Project). Previously she was the chief legal advisor of the Rosehill branch of Kereskedelmi & Hitelbank (K&H, 1994-1996) dealing with special credit facilities for projects like the development of Pólus Center. Beforehand she acted as legal advisor in the Ministry of International Economic Relations for three years participating in legislation and negotiation of international treaties.

Workshop Background

Since the beginning of the 90's public sector bodies in Central and Eastern Europe (CEE) were facing increasingly indebted balance sheets and budgetary constraints which heavily hindered investments and modernization of the provision of services to the public. In the search for alternative financing options, governments and municipalities started to look at the possibilities of involving private sector capital in the implementation and procurement of projects. Thus Public-Private Partnerships (PPPs) have made their way forward into this dynamically developing region of Europe. The wider acceptance and usage of PPPs by the public sector in the last decade in CEE has certainly created new opportunities not just for the public but for the private sector as well. But PPPs are complex in structure and procurement and involved parties often have a lack of experience. Besides the knowledge of applicable legislation, special attention has to be paid to regional specifics and local particularities stemming from the culture, habits and needs of the various nations. These projects require a clear understanding of the connected issues and lessons learned might be applied well in new initiatives.

Who Should Attend:

The program will be beneficial to lawyers, advocates and legal advisors from the following institutions:

- Government department
- Municipal departments
- Commercial Banks
- Investment Banks
- Concession Companies
- Legal Companies
- Consulting Companies
- Construction Companies
- Risk advisors
- Companies interested in PPP Projects
- and many more...



Participants at EPPPC's training in May 2006

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Day 1 - 28th November 2006

9:00 Opening from the Chair

Managing Director, EPPPC

9:10 Session I: Legal Perspectives of PPP

Dr. Péter Köves, Managing Partner, Köves Clifford Chance

Regulatory environment

- Technical preparatory review and harmonisation of the available legal framework
- Minimising the legislation
- Coordinating the authorities and the local administration
- Toll, availability fee, service fee

Legal process

- Bid preparation process
- Reasonable timeline for procurement process
- Techniques for keeping the competition
- Prequalification, final bid
- Techniques to avoid disputes

11:00 Morning Coffee

11:15 Contracting technique

- Concession agreement, services agreement
- Supervising and controlling the service level
- Quick and fair dispute resolution
- Termination and compensation
- Building-in flexibility

Application of the risk matrix

- Define the maximum risk taking
- Risk matrix - contracts matrix
- Insurance questions
- Harmonisation of risk in the project and finance documents
- Back-to-back techniques in the construction and operation agreements
- Change in control

12:15 Lunch

13:00 Session II: From the State's Point of View

Dr. Fruzsina Biró, Former Director General, Ministry of Economy & Transport

Financiers' wish list

- Harmonisation of indemnities given by the state/local government
- Direct agreement
- Control right of the financier
- Step-in, replacement, substitution

Institutional Framework for PPP Projects

- Legal background and process of the decision making
- PPP Task force unit, Interdepartmental Committee
- Activity of the PPP Unit in structuring
- Project finance transactions, managing
- Procurement processes
- Communication & relationship management
- The reason of outsourcing: analysis of capacity constraints to deliver

Restructuring Projects - M5 Case Study

- Requirements for restructuring

- Renegotiation techniques
- Agreements and financial model restructuring
- Defining targets, negotiation strategies

15:30 Discussion

16:00 Closing Remarks from the Chair

DAY 2 - 29th November 2006

9:00 Session I: Private investors' practical experiences with PPP and Hungarian law

Dr. Krisztina Eöri, Legal Advisor, M5 Concession Company (AKA Rt.)

Attracting investors

- Modern multinational enterprises: history and present
- Relations between multinational enterprises and states
- Regulatory requirements to attract investment
- Benefits and dangers for the society

HISTORY OF M5 PROJECT

Between the conclusion of project contracts and introduction of toll

- Brief description of the M5 Project
- Regulatory environment of the project in 1994
- Political environment
- Contracting under pressure of time
- Concession Company
- Construction phase: day-to-day balancing among multilevel interests of project participants

10:30 Morning Coffee

10:45 Opening of Phase 0/I A – Subsidized Preferential Toll Rates Agreement

- Introduction of toll
- Court cases concerning toll
- Politics and tolling
- Temporary solution: Subsidized Preferential Toll Rates Agreement

Operation, difficulties and solutions

- Political environment and the law around the M5 Project
- Negotiating techniques of government and private sponsors
- The personal factor
- Court cases, operation contracts

12:15 Lunch

13:15 Session I: The way forward

Last phase developments of M5 Project: vignette, Phase 2 and Phase 3

- Matching interests, common language
- Introduction of vignette system, experiences
- Win-win results
- Prospects

15:30 Discussion

16:00 Closing Remarks from the Chair

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