



## PROJECT FINANCE

Riker Danzig's Project Finance Group has played a central role in the financing of many major projects in New Jersey. These have included the sale and leaseback of the Merrill Creek Reservoir, the financing by issuance of public and private debt and sale and leaseback of a resource recovery plant in Gloucester County, solid waste transfer stations in Morris County and cogeneration facilities in Trenton, Elmwood Park, Kenilworth, West Deptford and Linden and the sale/leaseback of a national pipeline system. These transactions, which involved more than \$1 billion, often required filings with or approvals of the New Jersey Board of Public Utilities (BPU), the New Jersey Department of Environmental Protection and the New Jersey Division of Taxation, as well as a myriad of other state and local permits and approvals.

We played a central role in these transactions, assisting in obtaining necessary federal, state and local permits and approvals, advising on New Jersey real estate, corporate, environmental and public utilities law issues and delivering extensive opinion letters to the parties involved in the transactions. In order to perform these tasks, the firm called upon its well-developed environmental, real estate, corporate and public utilities law practice groups. Backing these groups are the full resources of the firm, including its public finance and governmental affairs attorneys.

Overseen by partners from these various practice areas, a team has been created within the firm to analyze and address the often far-reaching issues raised in project financings and to efficiently conduct the extensive "due diligence" that may be necessary in order to provide the opinions requested.

### **Environmental Law Practice**

With the adoption in 1983 of the New Jersey Environmental Cleanup Responsibility Act (ECRA), and with the amendments to ECRA in 1993, known as the Industrial Site Recovery Act (ISRA), environmental issues became a concern in virtually all commercial transactions, and the firm's attorneys have guided scores of clients through the processes necessary to obtain ISRA clearance. In several project financings, obtaining ISRA approval by the firm was a key element of the transaction. Our environmental law practice, which is headed by partner Dennis J. Krumholz, is among the most active of all New Jersey environmental law departments.

In addition to advising on ISRA matters, the firm's environmental lawyers frequently work in conjunction with our real estate and corporate attorneys on a broad range of regulatory and administrative issues affecting real estate development, business acquisition and financing arrangements. This experience is particularly valuable in enabling the environmental attorneys to perform the extensive "due diligence" necessary to assure compliance with law by the projects involved in the various financings and to issue the legal opinion assuring compliance with laws. The firm has extensive practices before the New Jersey Department of Environmental Protection and the United States Environmental Protection Agency involving water, air, waste and related permits, and has handled many matters before the United States Army Corps of Engineers. We counsel numerous clients on their environmental compliance obligations with these and other federal and New Jersey regulatory agencies.

### **Real Estate Law Practice**

The real estate law group has long represented clients in all aspects of real estate law. The practice includes substantial and complex real estate acquisitions, sales and exchanges, commercial and industrial leasing, joint venture projects, zoning and planning board matters, sale/leaseback arrangements, mortgage financings, construction contracts and real estate syndications.

As project financings typically have a significant real estate component, the firm's real estate law group becomes involved in advising on title issues, local and municipal land use issues, survey questions, conveyance matters and mortgage financing concerns.

### **Corporate Practice**

The firm has an extensive corporate practice, which includes mergers and acquisitions, sales and purchases of businesses, compliance with state and federal securities laws and general corporate counseling. The firm is general counsel to a number of large and small New Jersey-based corporations.

The corporate group's role in project financings includes advice regarding "doing business" issues and bulk sales concerns and overall responsibility for delivering the firm's opinion in coordination with the other practice areas involved in the project.

## **Public Utilities Practice**

Riker Danzig has perhaps the broadest public utility practice of any law firm in New Jersey. The practice has represented American Telephone and Telegraph Company, Rockland Electric Company, Hackensack Water Company and others in rate and regulatory matters before the BPU. In recent years, the practice has expanded to include resource recovery and other related regulatory and corporate work for Wheelabrator Environmental Systems Inc., corporate, regulatory, financing and environmental work for cogeneration projects developed by a number of utility affiliates and private corporations, and the negotiation of the acquisition of a major transfer station system by Chambers Development Company, Inc.

In many project financings, the project itself is or may be an entity that offers public utility services, and questions arise as to whether approvals are required from the BPU for the transaction or for any other aspects of the matter. The firm's utilities group advises on these jurisdictional questions and obtains such BPU approvals as may be necessary.

The firm's expertise as counsel for project financings has been sharpened by involvement in projects such as those described below. This experience is invaluable when one considers the number of governmental approvals and permits and other concerns which may exist in projects of this scope. Also invaluable is the appreciation gained of the requirements of the lenders and/or equity participants relating to the opinion letters that are typically sought. The firm has extensive experience in providing and negotiating the terms of those opinion letters and understands what is appropriate and necessary from counsel for these projects.

## **Representative Matters**

- \$700,000,000 financing for the construction and operation of a 614-Megawatt cogeneration facility in Linden, New Jersey by Cogen Technologies Linden Venture, L.P. New Jersey counsel to consortium including Union Bank of Switzerland, Fuji Bank, Banque Nationale de Paris, National Westminster Bank and Banque Indosuez.
- \$33,000,000 sale/leaseback of 25-Megawatt co-generation facility in Kenilworth, New Jersey. Equity participant - AT&T Credit Corp. Loan participant - The Prudential Insurance Company of America. New Jersey counsel to operator, E.F. Kenilworth, Inc.
- \$63,000,000 construction financing of resource recovery facility in Gloucester County, New Jersey. Bonds

issued by The Gloucester County Improvement Authority backed by letter of credit issued by The Fuji Bank, Limited. New Jersey counsel to owner/operator SES Gloucester Company, L.P.

- \$33,000,000 construction financing of 25-Megawatt cogeneration facility in Kenilworth, New Jersey by The Sumitomo Bank, Limited; \$28,000,000 permanent financing by The Prudential Insurance Company of America. New Jersey counsel to operator, E.F. Kenilworth, Inc.
- \$240,000,000 sale/leaseback of Merrill Creek Reservoir, Harmony Township, New Jersey. Equity participant - Public Service Resources Corporation. Loan participants - The Prudential Insurance Company of America, John Hancock Mutual Life Insurance Company, Aid Association for Lutherans and American United Insurance Company. New Jersey counsel to consortium of five utility company operators of project.
- \$29,000,000 construction financing of two solid waste transfer stations, one in Parsippany, New Jersey and the other in Mt. Olive, New Jersey. Bonds issued by New Jersey Economic Development Authority and backed by letter of credit bank group led by NCNB National Bank of North Carolina. Counsel to owner/operator Chambers Development Company, Inc. and affiliates.
- \$61,828,000 construction financing of 65-Megawatt cogeneration facility in Elmwood Park, New Jersey. Lender - The Prudential Insurance Company of America. New Jersey counsel to owner/operator, Prime Energy Limited Partnership.
- \$29,750,000 restructuring of debt relating to district heating and cooling facility in Trenton, New Jersey. Bonds issued by New Jersey Economic Development Authority backed by letter of credit issued by Banque National de Paris, New York Branch. Counsel to operator, Trenton District Energy Company.
- \$300,000,000 sale/leaseback of Buckeye pipeline system of Penn Central Corp. Equity and loan participants numerous. New Jersey counsel to Buckeye Partners, L.P.
- \$163,000,000 permanent financing for a 220-Megawatt cogeneration project at the Coastal Oil refinery in West Deptford Township. Special New Jersey counsel to Egel Point Cogeneration Partnership, the project developer.