

April 1 & 2, 2014, Calgary

12<sup>th</sup>

# Construction Financing

Explore the latest trends, developments and risks to look for in construction financing

*Workshop Included: Managing Risk and Performing Appropriate Due Diligence*



**Course Leader**  
Jonathan R  
Huggett,  
P.Eng,  
JR Huggett  
Company



**Course Leader**  
Gary Morrison,  
Capital  
Decisions Inc.



Ian Bendell,  
Davis LLP



George Hall,  
MSW  
Developments



Don G.  
Kowalenko,  
Dentons  
Canada LLP



Ian E. MacRae,  
Norton Rose  
Fulbright  
Canada LLP



Stephen Revay,  
Revay and  
Associates  
Limited



Andrew E.  
Stead,  
McMillan LLP

*"Excellent insight into the market and future trends."*

*"Excellent presentation on a tough topic!"*

*"Good content and materials - presented in a very practical manner."*

**Two-Day Event!**

Robert  
Peterson,  
R.C. Peterson  
Ltd.

Michael  
Roulston,  
MCAP Financial  
Corporation

## participating organizations

Capital Decisions Inc.  
Davis LLP  
Dentons Canada LLP  
JR Huggett Company  
MCAP Real Estate Finance Group

McMillan LLP  
MSW Developments  
Norton Rose Fulbright Canada LLP  
R.C. Peterson Ltd.  
Revay and Associates Limited

## who should attend

Professionals involved in construction financing, real estate investment and development, private real estate developers and managers, mortgage lenders, real estate market and business consultants

## course highlights

- Financing construction and development
- Trends in the availability of capital for construction
- Managing the legal aspects of financing
- Taking mezzanine financing to the next level
- Managing risk and mastering due diligence
- Raising capital through joint ventures
- Financing a P3 project
- Determining the financing best suited for your needs

## COURSE LEADERS

### JONATHAN R HUGGETT

Jonathan R. Huggett is Principal at **J.R Huggett Company**. Jonathan is a specialist in the non-traditional delivery of public infrastructure, including public-private partnerships, design-build, and other more innovative approaches to procuring public projects.

### GARY MORRISON

Gary Morrison has over 19 years of professional experience in real estate and corporate finance. Most recently Gary managed the Western Canadian Real Estate practice of **Ernst & Young Corporate Finance Inc.** He currently owns and operates Capital Decisions Inc.

## CO-LECTURERS

### IAN BENDELL

Ian Bendell is a Partner with **Davis LLP**.

### GEORGE HALL

George Hall is Director, Finance at **MSW Developments**. He has thirty plus years of accomplishment as CFO and Controller with local, national and international construction corporations.

### DON G. KOWALENKO

Don G. Kowalenko is a Partner with **Dentons Canada LLP**.

### IAN E. MACRAE

Ian E. MacRae is a Partner at **Norton Rose Fulbright Canada LLP**. He practises in the areas of commercial real estate law, commercial financing, banking, construction law and P3.

### ROBERT PETERSON

Robert Peterson is President of **R.C. Peterson Ltd.**, a construction development and project management company with more than 30 years experience in the real estate industry in Canada.

### STEPHEN REVAY

Stephen Revay is Vice-President, Western Region at **Revay and Associates Limited**. He been active for the past 35 years in the analysis of progress, productivity and cost on numerous construction projects.

### MICHAEL ROULSTON

Michael Roulston is Managing Director at **MCAP Financial**. Mr. Roulston has been with MCAP for 17 years primarily in construction financing. Originally in the Toronto office for three years and in Calgary for the last 15 years.

### ANDREW E. STEAD

Andrew Stead is a Partner at **McMillan LLP**. His practice focuses on commercial dispute resolution and commercial and product liability defenses involving energy (oil and gas), automotive and construction companies.

# COURSE PROGRAM

## FINANCING CONSTRUCTION AND DEVELOPMENT

Debt is often the least expensive form of funding for your project, yet many borrowers do not invest the time and effort to maximize their chances of success when working with lenders. This leaves many borrowers having to contribute more equity than they should have to, or not qualifying for debt at all. It can also make projects more stressful than need be as deadlines slip.

- Sources of debt financing and equity investment for construction
- Features of loan packages that will satisfy concerns of lenders
- Tools for creating a well documented construction budget
- Construction underwriting process
- Pricing the risk for construction and development

## PUBLIC PRIVATE PARTNERSHIPS: ARE THEY AN EFFECTIVE FINANCING VEHICLE?

The PPP marketplace in Canada has come into its own, drawing players from all over the world. Pursuit costs are high, success is rare, but rewards can be rich. For owners, particularly governments and NGOs, the refinement in analytical tools, life-cycle costing and political optics make for interesting drama. This session will help participants understand how each stakeholder views P3, how projects come about, morph, succeed and fail.

- When is P3 the best approach?
- Variations on the P3 concession: JVs, partnerships, design, build, own, operate, finance and transfer
- What P3 Canada is, or isn't, doing to help
- "Have" and "have-not" provinces

## SUPPLEMENTARY COURSE MATERIAL

Federated Press is now providing delegates with access to an innovative new database containing at least 25 interactive multimedia presentations by leading experts including approximately 20 hours of lectures on the topics covered by this course, including all slides and speakers' papers. See the list of presentations on page 4.



## AV Proceedings

Audio/video segments clickable slide by slide  
Papers and overheads also included  
Print any of the material for your own use

# COURSE PROGRAM

## CAUSES OF CONSTRUCTION PROJECT OVERRUNS: PROTECTING YOUR INVESTMENT

Every construction project is susceptible to unidentified risks. Failure to mitigate and properly manage these risks will lead to cost overruns and expensive delays in project delivery. This session will explore the common causes of construction project overruns and present ways to avoid and address them to minimize their impact on success.

- Major reasons for cost overruns in construction
- Best practices for protecting projects against cost overruns
- Importance of realistic project cost estimates from the outset
- Common errors in budgeting/estimating a project
- Improving risk tracking and monitoring for emerging risks

## DEALING WITH CONSTRUCTION LIENS

This session will provide an overview of the lien provisions under the Construction Lien Act and how they affect projects and project financing. There will also be a discussion of how to deal with construction liens once asserted so as to lessen the impact of them upon project completion.

- Overview of the Construction Lien Act: lien remedies, trust remedies
- Holdbacks
- Dealing with liens: vacating liens, lien actions, statutory limits on liability, practical tips
- Priorities between mortgagees and lien claimants

## EFFECTIVELY MANAGING THE FINANCING

Effective management of the financing process can either make or break a construction project. Most risks and potential difficulties that arise in construction financing come from the actual project management and cash flow management of the project itself. This session will examine the steps you can take to ensure that the financing is managed effectively and efficiently.

- Ensuring that you have the required capital in place on a timely basis
- Taking proper steps to deploy the capital when required
- Controls put in the proposed financing to address risks
- Tools for creating a well thought out and documented construction budget
- Staying on top of lender requirements throughout the project
- Allowing for a reasonable contingency allowance

## RAISING CAPITAL THROUGH JOINT VENTURES

There has been an increase in the use of joint ventures in real estate investment and development, with real estate developers co-venturing in projects with institutional and private equity partners as a means of accessing additional equity capital. This session will examine this trend and provide best practices for entering into, structuring and managing such an arrangement.

- Trends in joint venture investing
- Key issues from the developer and institutional investor point of view
- Partner due diligence
- Deal structures
- Return requirements, exit strategies and governance

## MANAGING THE LEGAL ASPECTS OF CONSTRUCTION FINANCING

How can parties leverage the expertise of legal counsel to effectively structure a construction financing transaction? This session will outline best practices in managing the process of negotiating and drafting to ensure that the borrower's interests are protected and its organizational goals achieved. On the other hand, what are the lender's concerns and what strategies can be developed to minimize the lender's exposure?

- Identifying and assessing risks inherent in construction lending
- From loan application to commitment
- Understanding the construction loan agreement
- Loan and security documentation
- Exploring guarantees and other credit enhancements
- The role of legal opinions

## PRACTICAL APPROACHES TO MANAGING COSTS IN CONSTRUCTION PROJECTS

With cost overruns and delays having become an almost natural part of construction projects, greater care must be taken to identify and address their causes and to mitigate their impact. This session will explore practical approaches to managing construction costs and guarding against overruns.

- Tools used to monitor costs in projects
- Project monitoring and cost tracking reports
- Establishing effective budget analysis & control processes
- Tracking progress: proactively zeroing in on variances
- Stage gating for project success
- Managing the budget throughout the project life cycle: steps to controlling and managing the project budget
- Root-cause analysis of cost overruns

## APPRAISAL CONCERNS ON FINANCING CONSTRUCTION PROJECTS

If a project is well formulated and thoroughly appraised, a good follow-through on the subsequent stages of the project cycle will see to its goals being achieved. This session will explore appraiser concerns on financing construction projects.

- Careful checking of the basic data, assumptions and methodology used in project preparation
- In-depth review of the work plan, cost estimates and proposed financing
- Assessment of the project's organizational and management aspects
- Validity of the financial, economic and social benefits expected from the project

## WORKSHOP

### MANAGING RISK AND PERFORMING APPROPRIATE DUE DILIGENCE

Do you have a risk management plan for your project? What risks are your responsibility in an upcoming capital project? Do all team members know the risks to be retained and those to be transferred to the other party? How are these risks tracked and confirmed in legal agreements? This session will cover the risk management process that team members of new capital projects follow; typical risks; how these issues are resolved in various contractual arrangements; how to ensure full due diligence; and a contingency approach to price the works.

- Typical contractual arrangements to manage risks
- Due diligence planning and standard risk identification checklists
- Different approaches to dealing with owners on risk transfer
- Typical contingency pricing method adopted by contractors

# MULTIMEDIA

Your registration includes an interactive multimedia CD-ROM comprising the following presentations from recent Federated Press courses and conferences. They are presented in their entirety with complete audio and accompanying slides.

For an additional \$175 to the registration fee, you can receive the multimedia proceedings of this course on CD-ROM, containing all presentations given at this event. If not registered for the event, the cost of this CD, is \$599.

To receive the presentations described below as well as the presentations given at the event, the cost is \$799.

## PPPs and the Costs/Benefits of "Capital Market Discipline"

J. Paul Boucher  
Carillion Canada Inc.

## Unique Aspects of the Finance Documentation Relating to the Development, Construction and Financing of Projects

Stephen Furlan  
McCarthy Tétrault LLP

## Structuring a Cross-Border Construction Financing

Bruce E. Darlington  
Davis LLP

## Contract Security for Construction Management Projects

Herb Guhl  
Contrax Consulting Inc.

## Using Risk Management Tools in Construction Finance Negotiations

David V. Bowcott  
Aon Reed Stenhouse Inc.

## Handling Construction Contract Amendments

Audrey Warner  
McLaughlin & Associates

## Trends in the Availability of Capital for Construction

Shamshad Madhok  
PricewaterhouseCoopers LLP

## Taking Mezzanine Financing to the Next Level

Scott Cameron  
Cameron Stephens Mortgage Capital Ltd.

## Financing Construction & Development

Chris Milne  
Scotiabank Canada

## Public Private Partnerships as an Expedient Financing Vehicle

Mark Kolke  
MaxComm Group

## Managing the Legal Aspects of Financing

Jill Fraser  
Aird & Berlis LLP

## Financing, Procurement Options and Risk Sharing

Mario Iacobacci  
AECOM Canada Ltd.

## Managing Risk & Mastering Due Diligence

Steve Small  
Flatiron Corporation

## Surety Bonds & Risk Management

Douglas R. Sanders, P Eng  
Borden Ladner Gervais LLP

## Uses of Leverage in Portfolio Construction

Dino Bourdos  
TD Asset Management Inc.

## Dealing with Builders Liens

John N. Craig  
Bennett Jones LLP

## Raising Capital Through Joint Ventures

Ernest A. Hee  
Boughton Law Corporation

## Residential Construction Financing

Bruno Iacovetta  
MCAP

## Global Economic Outlook: More of the Same, Only Different

Warren Jestin  
Scotiabank

## Risks Associated with Pre-Sale Contracts

Brian D. MacKay  
Davis LLP

## Minimizing Green Construction Risk

Brendan D. Bowles  
Glaholt LLP

## Managing Risk on Construction Projects: Lessons Learned From Construction Claims

Sharon C. Vogel  
Borden Ladner Gervais LLP

## Insurance Coverage Issues in Construction Claims

Maurice Audet  
Aon Reed Stenhouse Inc.

## Construction Risk Allocation in Contracts

Suzanne England  
Revay and Associates Limited

## Leading Types of Claims in the Construction Industry

Jeffrey D. Vallis, Q.C.  
Borden Ladner Gervais LLP

**Registration:** To reserve your place, call Federated Press toll-free at 1-800-363-0722. In Toronto, call (416) 665-6868 or fax to (416) 665-7733. Then mail your payment along with the registration form. Places are limited. Your reservation will be confirmed before the course.

**Location:** Calgary Marriott Hotel, 110 9th Avenue, SE, Calgary, AB, T2G 5A6

**Conditions:** Registration covers attendance for one person, the supplementary course material as described in this document, lunch on both days, morning coffee on both days and refreshments during all breaks. The proceedings of the course will be captured on audio or video. Multimedia proceedings with all slides and handouts can be purchased separately on a CD-ROM which will also include the course material.

**Time:** This course is a two-day event. Registration begins at 8:00 a.m. The morning sessions start promptly at 9:00. The second day ends at 5:00 p.m.

**Cancellation:** Please note that non-attendance at the course does not entitle the registrant to a refund. In the event that a registrant becomes unable to attend following the deadline for cancellation, a substitute attendee may be delegated. Please notify Federated Press of any changes as soon as possible. Federated Press assumes no liability for changes in program content or speakers. A full refund of the attendance fee will be provided upon cancellation in writing received prior to March 19, 2014. No refunds will be issued after this date.

**Discounts:** Federated Press has special team discounts. Groups of 3 or more from the same organization receive 15%. For larger groups please call.

Payment must be received prior to March 25, 2014

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## TO REGISTER FOR CONSTRUCTION FINANCING

Name \_\_\_\_\_

Title \_\_\_\_\_ Department \_\_\_\_\_

Approving Manager Name \_\_\_\_\_

Approving Manager Title \_\_\_\_\_

Organization \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Province \_\_\_\_\_ Postal Code \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_ e-mail \_\_\_\_\_

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## REGISTRATION COSTS

NUMBER OF PARTICIPANTS:

COURSE: \$1975

COURSE + PROCEEDINGS CD-ROM:  
\$1975 + \$175 = \$2150

PROCEEDINGS CD-ROM: \$599

PROCEEDINGS plus multimedia presentations:  
\$799

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