

Project Finance Group Of The Year: Mayer Brown

By **Grace Dixon**

Law360 (February 23, 2024, 1:58 PM EST) -- Mayer Brown LLP guided financing for a Pennsylvania bridge replacement project of unrivaled proportions and navigated a first-of-its-kind tax credit transfer transaction amid a renewable energy portfolio buy, landing the firm a spot among Law360's 2024 Project Finance Groups of the Year.

The more than 80 attorneys on Mayer Brown's projects and infrastructure team advised pension funds, state transportation departments, banks and companies on a spate of transactions over the past year that repeatedly earned the title of "first" or "biggest."

Practice group co-leads Joseph Seliga and Paul Astolfi, in a wide-ranging interview with Law360, attributed the firm's ability to stay at the front of their field to the team's size and breadth of knowledge.

"It allows us to work across pretty much all of the asset classes in what most people consider infrastructure, ranging from airports to toll roads to renewable energy projects to oil and gas pipelines to the Panama Canal," Astolfi said.

The team's deep bench means that Mayer Brown is able to replicate new structures and techniques across asset classes.

"When one asset class tries something new, and it is replicated ... [in] other asset classes, we will have done one of the first," Astolfi added.

Such was the case when a trio of investors acquired American Electric Power Co Inc.'s \$1.5 billion renewable energy portfolio. A Mayer Brown team stepped in to advise Canadian pension fund Caisse de dépôt et placement du Québec as it snapped up a portfolio of 14 solar and wind projects spanning 11 states, the firm said.

"The transaction was in part financed with leverage based on the world's first tax credit transfer transaction," Astolfi said.

Following the passage of the Inflation Reduction Act, clean energy companies for the first time can transfer their renewable energy tax credits, effectively selling tax credits for cash.



The partnership between CDPQ, Invenergy and funds managed by Blackstone Infrastructure Partners secured a commitment from Bank of America Securities to purchase \$580 million in production tax credits, according to a statement at the time.

The use of renewable energy tax credits, novel then, has since become a widely popularized project finance tool, Astolfi said.

Mayer Brown advised CDPQ in the equity investment, tax credit transfer transaction and project debt commitment totaling nearly \$1.2 billion, one of the largest renewable energy acquisitions. The financing closed last August, according to Mayer Brown.

In another blockbuster transaction, a Mayer Brown team stepped in as underwriter's counsel to Wells Fargo Bank NA and JP Morgan Securities LLC in a transaction funding the replacement of six bridges in Pennsylvania, one phase of a Pennsylvania Department of Transportation repair program.

The state's economic development arm issued \$1.8 billion in private activity bonds to finance the first stage of the Pathways Major Bridge Public Private Partnership program. Local and state governments issue private activity bonds to encourage private sector investments in qualified projects.

"It was the largest surface transportation [private activity bond] issuance ever, and it was accomplished in a significantly short time period," Seliga said.

In total, the first phase cost more than \$2.3 billion, including another \$202 million in equity and \$140 million in mobilization and milestone payments from PennDOT, the firm said. The parties closed on financing for the first phase of the project in December 2022.

Seliga and Astolfi noted that the practice group's recent successes were marked not only by wins but also by the team's ability to roll with the punches.

Mayer Brown stepped in to advise the Alabama Department of Transportation in 2017 on plans to finance the construction of a new six-lane bridge in Mobile. The project is intended to alleviate traffic congestion in the area, and discussions about the project have been underway for decades, according to ALDOT.

"It was being procured through a public-private partnership revenue risk structure, meaning that it was planned with tolls along the bridge, and those tolls would support the private sector financing," Seliga said.

But stiff opposition to a \$6 toll proposed to help pay for the \$2.1 billion project sent the state back to the drawing board in 2019, just when it was poised to move forward. So the Mayer Brown team buckled down with the state's DOT and drew up a new approach between 2019 and 2023, Seliga said.

"We have continued to advise the Alabama Department of Transportation with respect to a new transaction structure that still includes a toll amount but with tolls that have been adjusted to reflect on the public input," he said. "It still includes a financing element but now with public financing that is intended to include a [Transportation Infrastructure Finance and Innovation Act] loan from the federal government along with a toll revenue bond issuance."

The project is now in procurement, Seliga said.

And the firm already has its eye on what's to come in the realm of project finance, its leaders told Law360.

Seliga said he's keeping a close watch on financing challenges that may emerge in connection with innovative transportation technology.

"Transactions across areas like electrification, including not only electric vehicles but electrification of municipal bus and rail fleet, in areas like connected and autonomous vehicles lanes and highways, in areas like microtransit ... all of those are really innovative areas that have the potential to be very transformative technology," he added.

--Editing by Kristen Becker.

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