

**Course Information**

<i>Course Number/Section</i>	FIN 6316 – 501 / ENTP 6416- 501
<i>Course Title</i>	Private Equity Finance
<i>Term</i>	Spring 2010
<i>Days &amp; Times</i>	Wednesdays, 7:00pm -9:45pm
<i>Location</i>	SOM 2.117

**Professor Contact Information**

<i>Professor</i>	David J. Springate, Ph.D., and Director, Center for Finance Strategy Innovation
<i>Office Phone</i>	(972) 883-2647
<i>Email Address</i>	<a href="mailto:spring8@utdallas.edu">spring8@utdallas.edu</a>
<i>Office Location</i>	SOM 2.610
<i>Office Hours</i>	By appointment

**Co-Instructor Contact Information**

<i>Co-Instructor</i>	Elizabeth Jones, MBA Executive in Residence, Visiting Professor, and Associate Director, Center for Finance Strategy Innovation
<i>Office Phone</i>	(972) 883-5909
<i>Email Address</i>	<a href="mailto:elizabeth.jones@utdallas.edu">elizabeth.jones@utdallas.edu</a>
<i>Office Location</i>	SOM 2.709
<i>Office Hours</i>	By appointment

**Administrative Contact Information**

<i>Administrative Assistant</i>	Debbie Davis (Copy on all emails to the professors.)
<i>Office Phone</i>	(972) 883-5941
<i>Email Address</i>	<a href="mailto:debbie.davis@utdallas.edu">debbie.davis@utdallas.edu</a>
<i>Office Location</i>	SOM 2.415

**Course Description****Key Features of the Course**

There are several distinguishing features of this course:

- We will be selective in our presentations and course coverage. We aim to cover current private equity activity as carried out through designated investment funds raised and managed by private equity firms. We will first consider investors in such funds. We will then take up the choice and execution of public-private partnerships, roll-ups and restructurings, real estate investments and leveraged buyouts. As the course progresses, we will examine the recent credit crisis and the future of private equity. We will close with a consideration of issues in the management of private equity funds. Although it is part of private equity, Venture Capital activity is covered in the Entrepreneurial Finance course.
- We will include coverage of relevant domestic and international private equity topics.
- We will emphasize relevant theory.
- We will stress case analysis in class.
- We will bring in many visitors from the Texas and regional financial community as speakers. This will add depth and breadth to the coverage of various topics and will help illustrate what is going on locally.
- We will position this course as one of professional development for our students.

**Center for Finance Strategy Innovation**

This course is one of a series offered through the Center for Finance Strategy Innovation. The Center was founded in 2008 to focus on education and research programs in areas crucial to today's economy. Working with businesses, the center addresses corporate transformations, restructurings, turnarounds, and leveraged buyouts, as well as funding for innovation, project finance, and growth capital. It also has active programs centered on public-private partnerships.

## **Conduct of the Course**

We will explore topics through class discussion of real case situations faced by investors and fund managers, contributions by outside experts and instructor-led discussion. Approximately equal time will be given over the course to concepts and frameworks, case discussion, and visitor presentations.

## **Course Topics**

The fifteen classes are divided into six course sections:

1. In the “Private Equity Investors” section we will:
  - Review major developments in the world of private equity.
  - Consider the needs and capabilities of investors in private equity and fundraising from these sources.
  - Discuss returns and partnership structures
  - Discuss private equity groups
  - Consider the role of debt and the state of current debt markets
2. In the “Public-Private Partnerships” section we will:
  - Consider how value gets created and shared
  - Consider allocations of risk and governance
3. In the “Roll-Ups and Restructurings” section we will:
  - Consider due diligence.
  - Consider the role of restructuring and how it can be accomplished
4. In the “Real Estate Investments” section we will:
  - Consider real estate funds in the private equity world
  - Continue the consideration of international opportunities
5. In the “Leveraged Buyouts” section we will:
  - Consider valuation and structure of leveraged buyouts
  - Consider changes in recent activity
  - Consider how turnarounds differ from restructurings
6. In the “Private Equity Firms” section we will:
  - Consider issues of interest to the private equity firms themselves
  - Consider strategic issues for funds

See the attached class schedule for details. Please note that although we will have many speakers in class, you will be provided with clarifying details as the course evolves. Due to scheduling constraints of potential speakers, we need the flexibility this affords. We do expect to have a cross-section of professionals including fund managers, investors, valuation experts and others.

## **Associated Field Work Opportunities**

Some students may have interest and qualify for participation in selected field projects supervised by course faculty. Such opportunities will require high quality deliverables for outside sponsors and, accordingly, will be offered on a selective basis. More details on specific opportunities and on academic credit structure will be announced as the course progresses.

## **Student Learning Objectives/Outcomes**

The objectives of the course are to build your skills, frameworks and knowledge in understanding this new and evolving world of private equity finance. The skills and frameworks are similar to those employed in traditional corporate finance, but are, of necessity, more focused on identification of opportunities, projected cash flow, return enhancement, developing

value and deal making. The context of private equity finance is different than that of traditional corporate finance. Companies are, by definition, not listed on public exchanges. A capital structure involving debt is usual. There is deal making transformation and shared interests involved. As opposed to traditional private financial activity, institutional investors, specialized private equity firms, and lightly regulated funds/funds have been central to the new private equity world.

The specific course aims are to improve your capacity to:

- Recognize an opportunity worth financing through private equity.
- Value such an opportunity.
- Understand the differences the perspectives of fund investors, those of the partners in private equity firms, and those of portfolio company managers.
- Understand the importance of innovative capital structuring, debt management and risk allocation / assumption for private equity activity.
- Operate internationally.
- Apply the above in an integrated fashion.

### **Required Textbooks and Materials**

We will use a package of 18 business cases and a custom-designed private equity book which contains selected chapters from other private equity books. These required materials may be found at the UTDallas bookstore, Off-Campus Books, and Stanza Textbooks. You will need these materials to proceed in the course.

### **List of Cases and Notes:**

#### **Harvard Business School**

1	807073-PDF-ENG	Yale University Investments Office: August 2006
2	809073-PDF-ENG	The Canada Pension Plan Investment Board
3	IMD147-PDF-ENG	ATP Private Equity Partners (A): January 2002
4	IMD149-PDF-ENG	ATP Private Equity Partners (B): Investment Strategy and Organization
5	IMD150-PDF-ENG	ATP Private Equity Partners (C): The Scandinavian Sweetspot Strategy
6	HKU819-PDF-ENG	Public Private Partnership: London Underground Limited
7	HKU691-PDF-ENG	InfraStructure Finance: The Sydney Cross City Tunnel
8	807033-PDF-ENG	Summit Partners – The FleetCor Investment (A)
9	209091-PDF-ENG	WL Ross and Plascar
10	210014-PDF-ENG	The Blackstone Group: Merlin Entertainment
11	205084-PDF-ENG	Yamanote Kaikan
12	209110-PDF-ENG	Equity International: The Second Act
13	208030-PDF-ENG	The Hertz Corporation (A)
14	204033-PDF-ENG	Valuing a Cross-Border LBO: Bidding on the Yell Group
15	808017-PDF-ENG	Texas Pacific Group -- J. Crew
16	807005-PDF-ENG	Lion Capital and the Blackstone Group: The Orangina Deal
17	801359-PDF-ENG	Ducati & Texas Pacific Group – A “Wild Ride” Leveraged Buyout
18	409050-PDF-ENG	The Carlyle Group

**Private Equity Finance - Spring 2010 - Dr. David Springate and Co-Instructor Elizabeth Jones**

Week	Dates	Topic	Case*	Readings
1	1/13	Private Equity Investors	Yale University Investments Office: August 2006	
2	1/20		The Canada Pension Plan Investment Board	
3	1/27	Public-Private Partnerships	Public Private Partnership: London Underground	
4	2/3		InfraStructure Finance: The Sydney Cross City Tunnel	
5	2/10	Roll-Ups and Restructurings	Summit Partners – The FleetCor Investment (A)	
6	2/17		WL Ross and Plascar	
7	2/24		The Blackstone Group: Merlin Entertainment	
8	3/3	Real Estate Investments	Yamanote Kisan	
9	3/10		Equity International: The Second Act	
10	3/24	Leveraged Buyouts	Hertz Corporation (A)	
11	3/31		Valuing a Cross-Border LBO: Bidding on the Yell Group	
12	4/7			
13	4/14		Texas Pacific Group & J. Crew	
14	4/21	Private Equity Firms	Ducati & Texas Pacific Group – A “Wild Ride” Leveraged Buyout	
15	4/28		The Carlyle Group	
	5/12	FINAL EXAM		

1. First Written Paper will be assigned on 1/20 and due on 2/3: "ATP (A, B, and C)"
2. Second Written Paper will be assigned on 4/14 and due on 4/28: "Lion Capital and the Blackstone Group: The Orangina Deal"

**\*These descriptions and timelines are subject to change at the discretion of the Professor.**

## Grading Policy

### Deliverables

You will be judged on class discussion of topics and cases and on your questions for visitors. Other deliverables include individual written analysis of two cases. Under some circumstances a paper may be substituted for the second written case analysis. See the instructors.

e-Learning will be used as a means of class communication including weekly evaluations. Group discussion areas and general discussion areas will be provided through this media.

### Evaluation

Class discussion, participation, and case analysis	40%
Two Individual written case analyses	40%
Final Examination	20%
	<hr/> 100%

## Grading Criteria

A	A-	B+	B	B-	C+	C	P	F	I
4.0	3.67	3.33	3.00	2.67	2.33	2.00	Pass	Fail	Incomplete

## Course Policies

### *Make-up exams*

These are possible only in exceptional circumstances. Seek the instructors' approval in advance.

### *Extra Credit/Special Assignments*

Extra credit is possible if the course objectives are advanced. Please see the instructor.

### *Late Work*

All work should be submitted even if late. Penalties may apply.

### *Class Attendance*

Grades depend, in part, on attendance. You are expected to be in class.

### *Classroom Citizenship*

Participation calls for due respect of classmates and the instructors. Do not embarrass yourself. Come prepared to class with required readings and case preparation completed.

## Student Conduct & Discipline

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD publication, *A to Z Guide*, which is provided to all registered students each academic year.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the *Rules and Regulations, Board of Regents, The University of Texas System, Part 1, Chapter VI, Section 3*, and in Title V, Rules on Student Services and Activities of the university's *Handbook of Operating Procedures*. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391).

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

## **Academic Integrity**

The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.

Scholastic dishonesty includes, but is not limited to, statements, acts or omissions related to applications for enrollment or the award of a degree, and/or the submission as one's own work or material that is not one's own. As a general rule, scholastic dishonesty involves one of the following acts: cheating, plagiarism, collusion and/or falsifying academic records. Students suspected of academic dishonesty are subject to disciplinary proceedings.

Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university's policy on plagiarism (see general catalog for details). This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.

## **Email Use**

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.

## **Withdrawal from Class**

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, instructors cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

## **Student Grievance Procedures**

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's *Handbook of Operating Procedures*.

In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

## **Incomplete Grade Policy**

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to

remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of **F**.

## **Disability Services**

The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.

The contact information for the Office of Disability Services is:  
The University of Texas at Dallas, SU 22  
PO Box 830688  
Richardson, Texas 75083-0688  
(972) 883-2098 (voice or TTY)

Essentially, the law requires that colleges and universities make those reasonable adjustments necessary to eliminate discrimination on the basis of disability. For example, it may be necessary to remove classroom prohibitions against tape recorders or animals (in the case of dog guides) for students who are blind. Occasionally an assignment requirement may be substituted (for example, a research paper versus an oral presentation for a student who is hearing impaired). Classes enrolled students with mobility impairments may have to be rescheduled in accessible facilities. The college or university may need to provide special services such as registration, note-taking, or mobility assistance.

It is the student's responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

## **Religious Holy Days**

The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.

The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.

If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.

## **Off-Campus Instruction and Course Activities**

Off-campus, out-of-state, and foreign instruction and activities are subject to state law and University policies and procedures regarding travel and risk-related activities. Information regarding these rules and regulations may be found at the website address given below. Additional information is available from the office of the school dean. ([http://www.utdallas.edu/BusinessAffairs/Travel\\_Risk\\_Activities.htm](http://www.utdallas.edu/BusinessAffairs/Travel_Risk_Activities.htm))