Transportation Center Seminar Series presents.....

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Pricing Risks in Delivery and Management of Transportation Assets

Thursday – Nov. 11, 2010
4:00 - 5:00 pm
Refreshments available at 3:30 pm

Location:
Transportation Center
Chambers Hall - Ruan Conference Center – Lower Level
600 Foster St., Evanston

Abstract:
Assessment of project’s life-cycle risks represents an important consideration in capital budgeting process. This presentation examines the relationship between the engineering and contracting features of a project and financial risk parameters. Examples of such relationship include bridge seismic design features and earthquake insurance premium, highway network characteristics and the leverage capacity of a toll road developer, and selection of contracting method and the resulting risk premium. Statistical and structural models of pricing risks are presented and considered from the perspective of the two key stakeholders, lenders (banks and capital markets) and borrowers (project sponsors). The models are calibrated using data from the stock and commodity markets and the Texas Department of Transportation contracting database. The results show that failure to evaluate the effects of engineering decisions on project financial parameters early in project development can result in costly budget overruns, decreased project leverage, and in general, inefficiency in transferring risk.

Bio:
Dr. Ivan Damnjanovic is an Assistant Professor in the Zachry Department of Civil Engineering at Texas A&M University. He received his Ph.D. in Civil Engineering in 2006 from the University of Texas in Austin. Dr. Damnjanovic works in the area of transportation infrastructure management focusing on integrated risk analysis and innovative project delivery methods such as Public-Private Partnerships (PPPs) and performance-based contracting. Dr. Damnjanovic teaches courses in the area of project development and finance. He is a member of the ASCE’s Infrastructure Systems committee, the TRB’s Construction Management committee, and the CII’s Academic Committee.