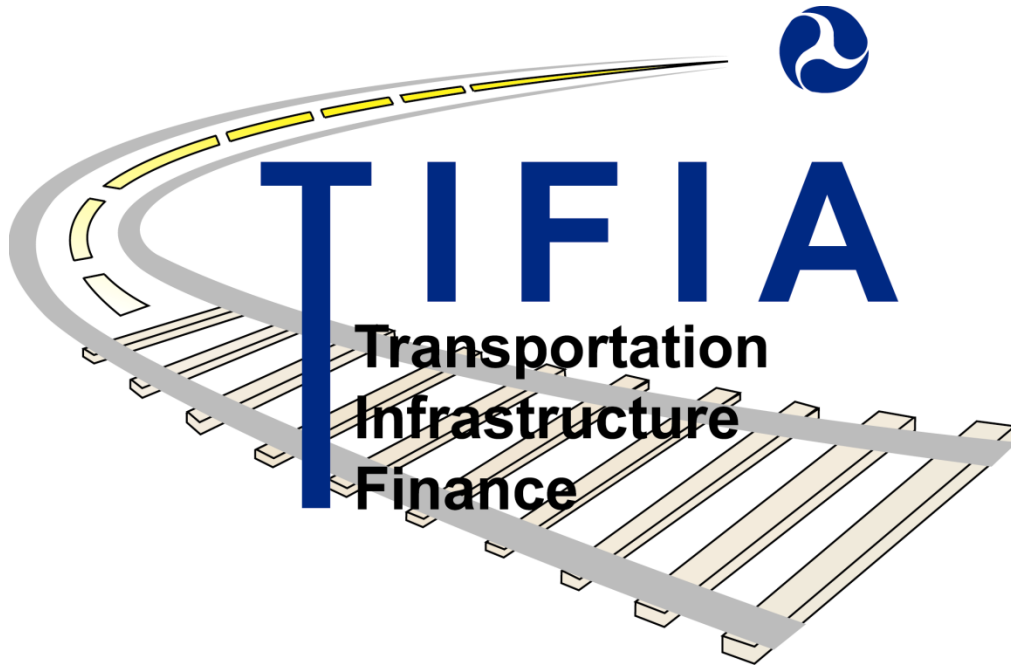


# *FRA Rail Program Delivery Conference*

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*Transportation  
Infrastructure  
Finance and  
Innovation  
Act (TIFIA)*

*14 October 2015*

*Mark Polston, Deputy Director*

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# ***Background on TIFIA***

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**Strategic goal** – to leverage limited Federal resources and stimulate private capital investment in transportation infrastructure by **providing credit assistance in the form of direct loans, loan guarantees, and standby lines of credit** (rather than grants) to projects of national or regional significance. On July 6, 2012, the Moving Ahead for Progress in the 21st Century Act (MAP-21) was signed into law, providing for substantial changes in the TIFIA credit program.

## **Key objectives**

- Facilitate projects with significant public benefits
- Encourage new revenue streams and private participation
- Fill capital market gaps for secondary/subordinate capital
- Be a flexible, “patient” investor willing to take on investor concerns about investment horizon, liquidity, predictability and risk
- Limit Federal exposure by relying on market discipline



# ***Background on TIFIA (continued)***

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## **Benefits of TIFIA**

- Long term, fixed cost, permanent, up-front financing
- Borrower/Revenue source may be minimum investment grade
- Non recourse financing – project cash flow supported
- Dedicated revenues for repayment
- Funds drawn as needed
- Senior or subordinate lien
- Flexible amortization
- No pre-payment penalty
- Low interest rates



# ***Background on TIFIA (continued)***

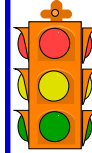
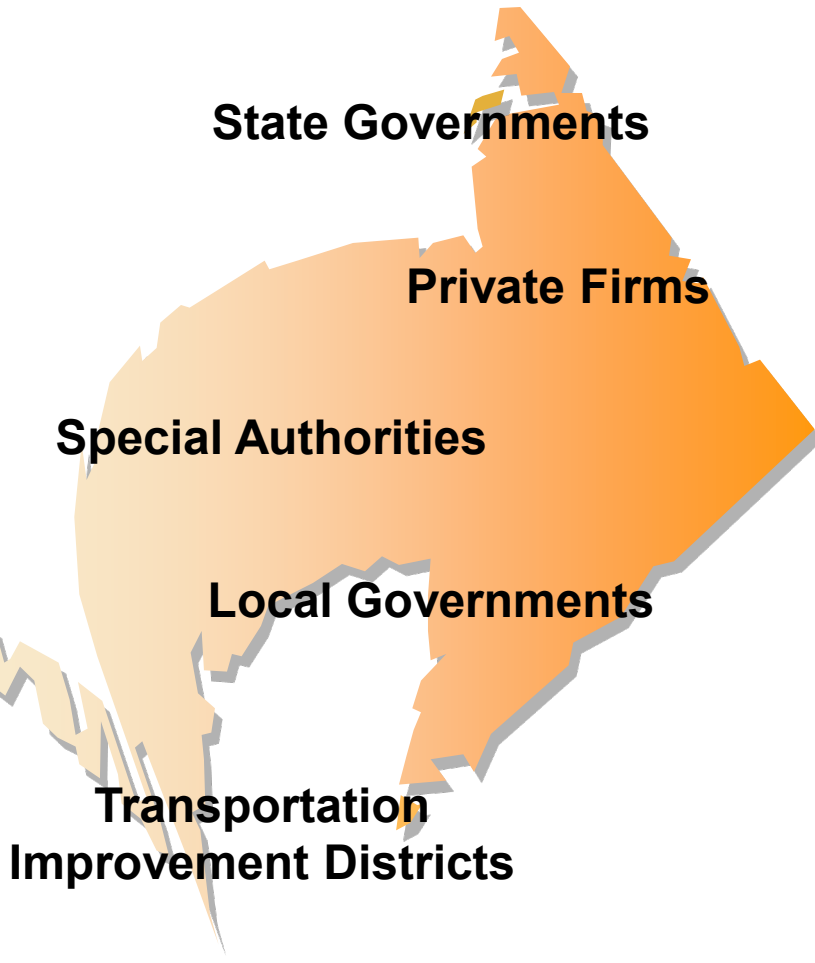
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## **Major requirements**

- Minimum anticipated project cost > \$50M
- TIFIA loan amount has historically been less than 33 percent of eligible costs and DOT requests that applicants provide a rationale for TIFIA loan requests of up to 49 percent of costs (permitted by statute)
- Up to 80% of the project can be funded from federal funds
- Senior debt must be rated investment grade by two rating agencies, unless project cost is less than \$75M
- Dedicated revenues for repayment – must be identified up front
- Applicable Federal requirements, including but not limited to Civil Rights, NEPA, Uniform Relocation, Buy America, Titles 23 and 49



# ***Eligible TIFIA Applicants and Projects***



Highways and Bridges  
Intelligent Transportation Systems  
Intermodal Connectors

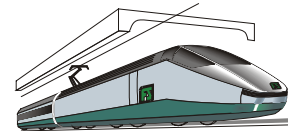
Transit Vehicles and Facilities

Intercity Buses and Facilities



Freight Transfer Facilities

Passenger Rail Vehicles and  
Facilities



Rural Infrastructure Projects



# ***Eligible Project Costs***

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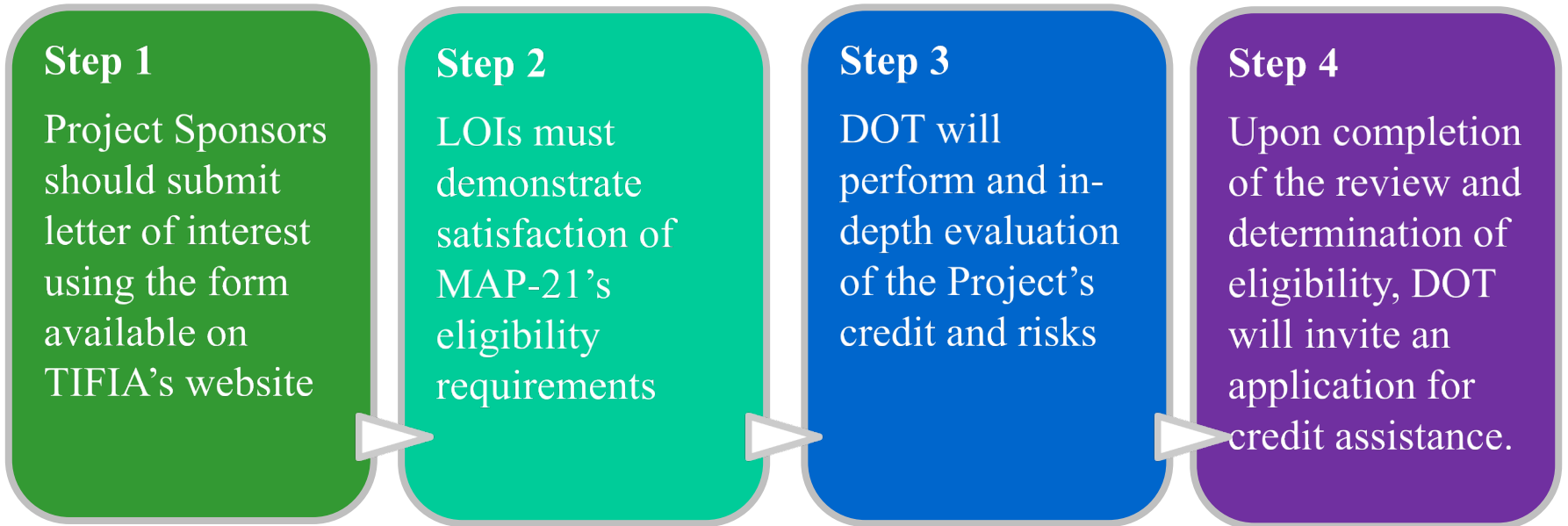
## ➤ **What costs are eligible for TIFIA credit assistance?**

- Development phase activities, including planning, feasibility analysis, revenue forecasting, environmental review, permitting, preliminary engineering and design work, and other pre-construction activities
- Construction, reconstruction, rehabilitation, replacement, and acquisition of real property (including land related to the project and improvements to land), environmental mitigation, construction contingencies, and acquisition of equipment
- Capitalized interest necessary to meet market requirements, reasonably required reserve funds, capital issuance expenses, and other carrying costs during construction

Capitalized interest on the TIFIA loan as well as borrower's payments for TIFIA advisors' fees are not eligible project costs.



# TIFIA Application Process



- With a rolling application process, DOT encourages projects to submit a LOI when the project is able to provide sufficient information to satisfy statutory eligibility requirements such as creditworthiness and readiness to proceed
- With MAP-21, Congress emphasized the importance of ensuring the creditworthiness of projects receiving TIFIA credit assistance.



# ***TIFIA Application Process***

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## **Letter of Interest Review**

Purpose of initial review is to identify major issues that could prevent a project from reaching financial close

- Eligibility
- Statutory
- Regulatory
- Readiness
- Budget
- Credit

Environmental Review: Should have circulated draft EIS

- Record of Decision (ROD) must be in place prior to closing the TIFIA loan

Project consistent with the STIP and metropolitan transportation plan





# *TIFIA Application Process*

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## **Creditworthiness review**

The borrower will be asked to provide:

- Financial Plan
- Financial Model
- Revenue Stream Pledged to TIFIA
- Indicative Credit Rating
- \$100,000 down payment towards advisor costs

TIFIA and its advisors

- Evaluate the project's plan of finance
- Perform detailed financial calculations
- Evaluate the legal structure
- Recommend credit protections
- Assess the projects strengths and weaknesses

Critical phase of the review process. The project must demonstrate the ability to satisfy applicable creditworthiness standards, and that there are adequate coverage requirements to ensure repayment of the TIFIA loan.



# ***TIFIA Application Process***

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## **Application Review**

The borrower is invited to submit an application

Upon receiving the application TIFIA will:

- Review the application materials
- Complete project evaluation
- Recommendation of award of TIFIA credit assistance and present to the DOT working group and Credit Council

Secretary of Transportation will direct TIFIA to negotiate a credit agreement and extend credit assistance on acceptable terms and conditions

The Department has 30 days after receipt of the application to inform the borrower whether the application is complete. After confirmation of completeness, the Secretary has 60 day to approve or deny the application.



# ***TIFIA Application Process***

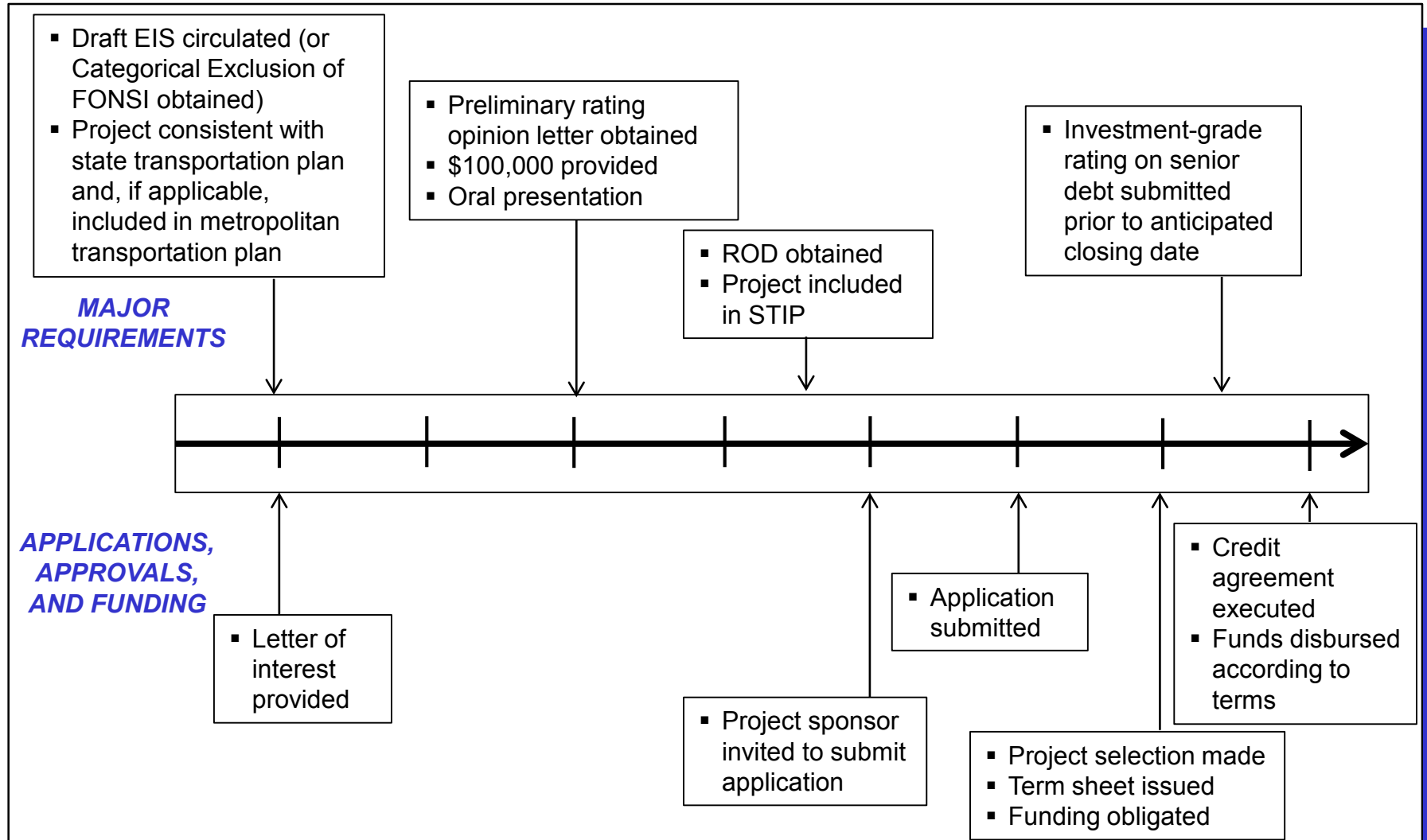
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## **Closing Requirements**

- Environmental review complete
- Compliance with Federal rules
- Fully funded project with grant funds obligated and other debt issued
- Construction contracting process must begin within 90 days of close
- Final rating letters required 2 weeks prior to close

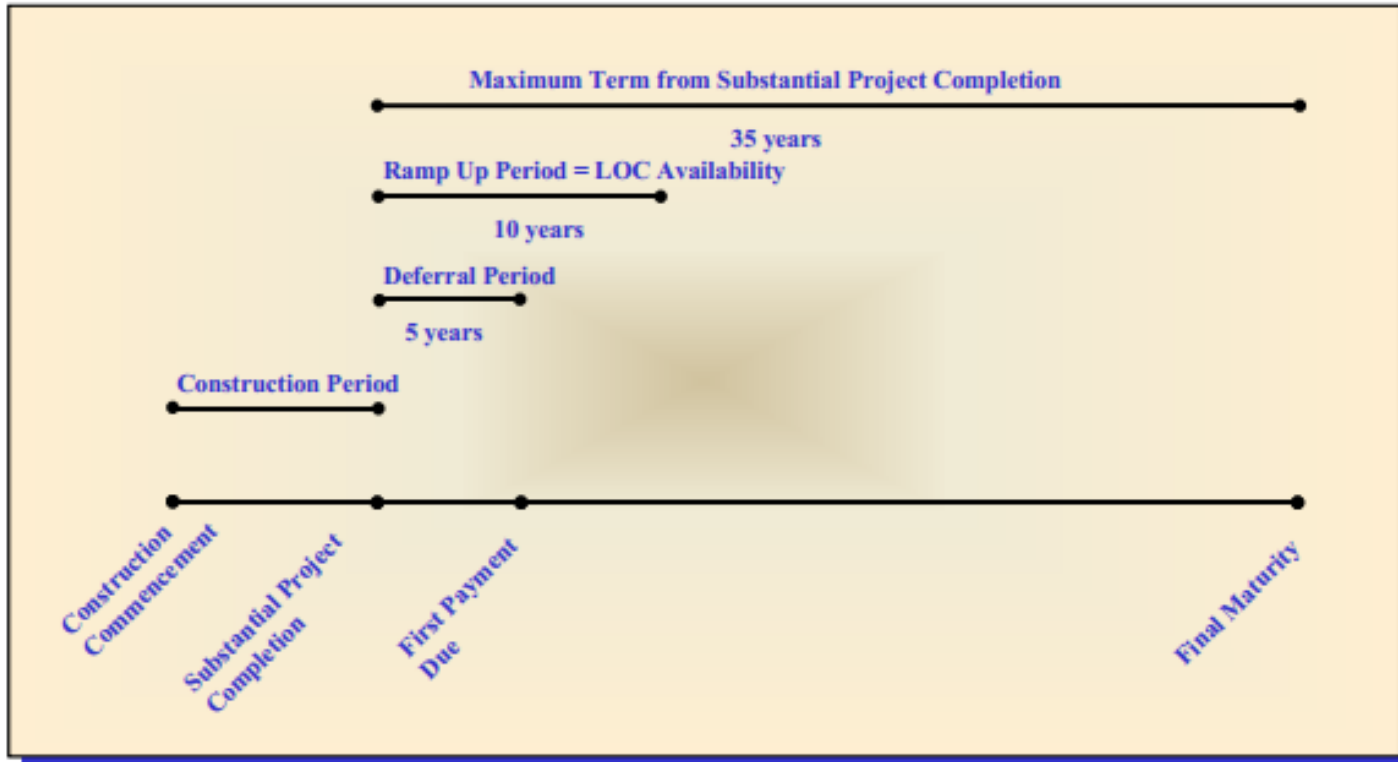


# TIFIA Documentation Requirements





# TIFIA Repayment Structure

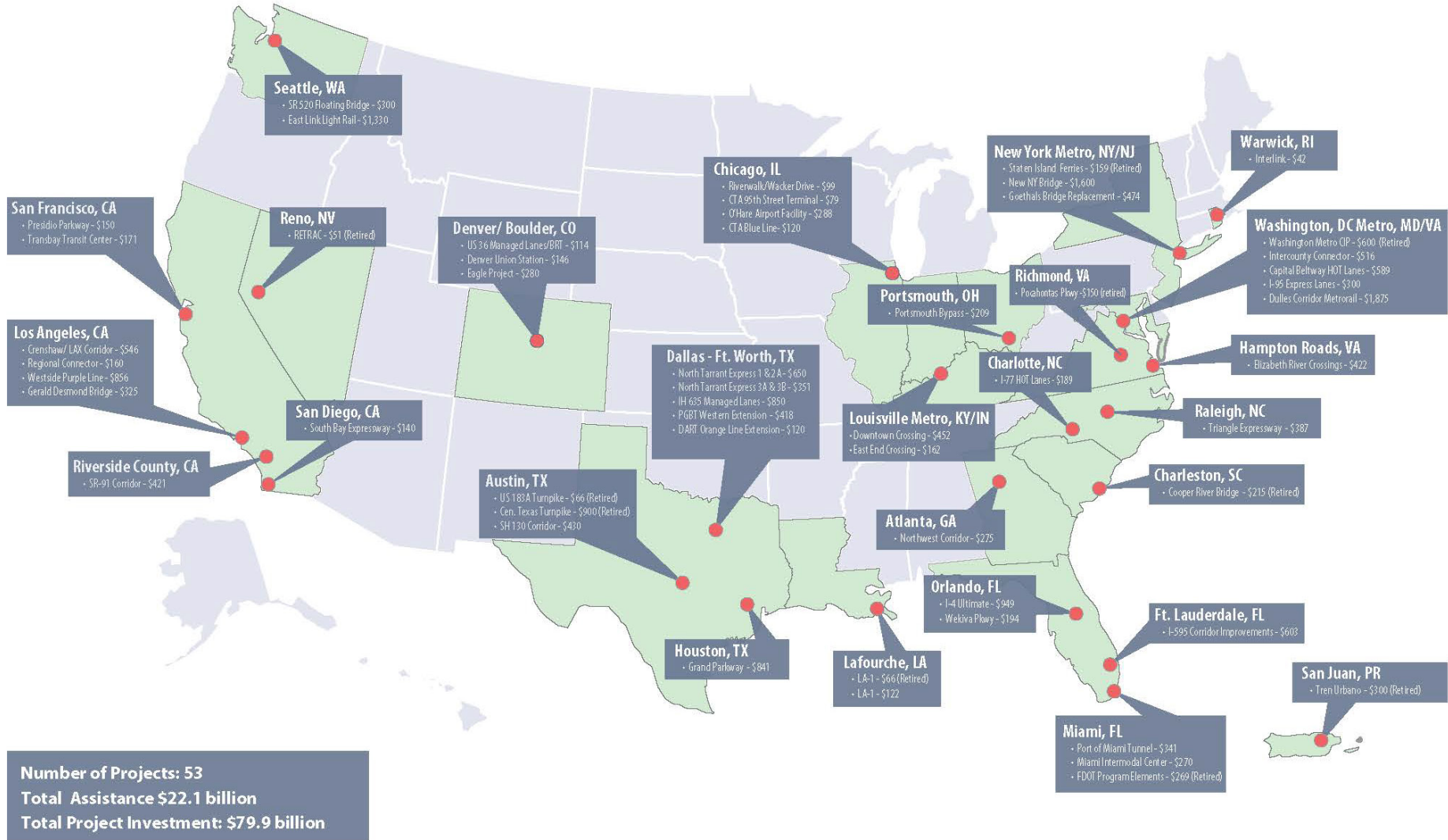


- TIFIA repayment profile is flexible and can be structured around other debt, or sculpted to incoming pledged revenues



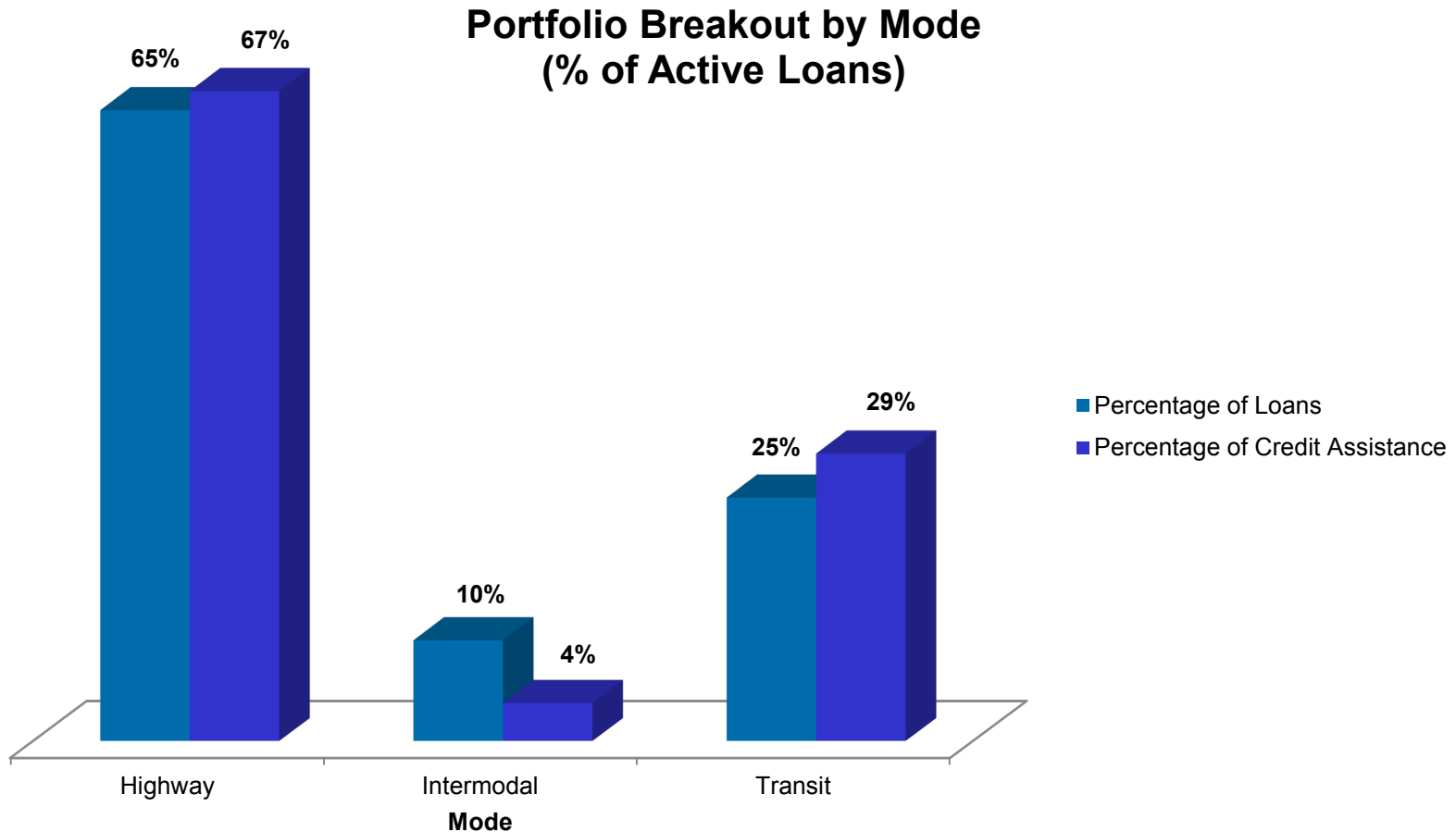
# TIFIA Approved Projects

(TIFIA Instruments in Millions)





# TIFIA Projects by Mode



TIFIA has 5 intermodal project in the active portfolio totaling \$743 M in credit assistance.



# *Denver Union Station Project*

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- A mixed-use, mixed income development project; build out plan consists of four years for transportation construction and an additional eight to 10 years for the 1.3 million private development.
- TIFIA financed portions of the project related to public transportation improvements including light rail, commuter and passenger rail and regional, commercial bus facilities and street/public spaces (the horizontal development).
- The vertical development on the project was undertaken by a private venture between two regional developers.
- For the TIFIA eligible elements, Denver Union Station Public Authority assembled various funding sources to develop a fully funded project
- All funding sources were required to be fully committed as of the date of the TIFIA loan closing





# ***Sources of Funding arranged by Denver Union Station***

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- TIFIA Loan - \$145.6 M
- RRIF Loan - \$155.0 M
- FHWA Grant - \$45.3 M
- FTA Grant - \$9.5 M
- ARRA Grant - \$28.4 M
- Homeland Security - \$0.353 M
- RTD contribution - \$65.1 M
- CDOT - \$17.4 M
- DRCOG - \$2.5 M
- Land sale - \$18.4 M

Project Costs - \$487.7 M (\$454.3 M represent TIFIA Eligible Cost)



# ***Denver Union Station - Revenues***

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The TIFIA and RRIF loans are secured by a variety of tax revenues:

1. RTD has provided a 30 year pledge of general sale tax revenues and other revenues
2. Tax increment revenues
  - a. Property taxes collected by DDA
  - b. Sales taxes collected by DDA
  - c. Portion of the property taxes collected by Metropolitan Districts
3. Portion of the total hotel tax
4. Borrower may add future revenue sources, but not required