Federal Credit Assistance for Ports
Transportation Infrastructure Finance and Innovation Act of 1998

- **Goal**: to leverage limited Federal resources and stimulate private investment by providing credit assistance rather than grants to transportation projects of national or regional significance.

- Project cost > $50 million ($15 million for ITS projects)

- TIFIA contribution up to 33 percent of project costs

- Senior debt must be rated investment grade

- Federal grant requirements apply

- Public or private highway, transit, rail and port projects are eligible to apply for TIFIA assistance
TIFIA Credit Facilities

- **Secured (Direct) Loan**: Maximum term of 35 years from substantial completion. Repayments must start 5 years after substantial completion.

- **Loan Guarantee**: Guarantees a project sponsor’s repayments to non-Federal lender. Loan repayments to lender must commence no later than 5 years after substantial completion of project.

- **Line of Credit**: Contingent loan available for draws as needed up to 10 years after substantial completion of project.
Approved Projects
(Federal Credit Assistance in Millions)

Total TIFIA Assistance: $3.2 Billion
Total Project Investment: $12.7 Billion

Projects:
- Reno Rail Corridor: Retired - paid in full, $74
- SR 125 Toll Road: $140
- Moynihan Station: $160
- Staten Island Ferries: Retired - paid in full, $159
- Warwick Train Station: $58
- Washington Metro CIP: $600
- Cooper River Bridge: Retired - refinanced, $215
- Tren Urbano: Retired - paid in full, $300
- US 183-A Turnpike: $66
- Central Texas Turnpike: $917
- LA-1: $66
- Miami Intermodal Center: $439
- PR

Transportation Infrastructure Finance
How Does TIFIA Help Projects?

By enabling “borderline” projects access to the capital markets through the provision of secondary or subordinate debt.

By being a patient investor – with a long-term perspective on investment horizon, liquidity and risk.

Key objectives:

- Facilitate projects of national/regional significance
- Encourage new revenue streams and private participation
- Fill capital market gaps for secondary/subordinate capital
- Limit Federal exposure by relying on market discipline
TIFIA’s Flexible Credit Terms

TIFIA can provide loan structuring advantages to borrowers:

- Long term, fixed cost, up-front financing
- Senior or subordinate lien
- Flexible amortization
- No pre-payment penalty
- Low interest rates
- Commit up front, lock interest rate at no cost
- Borrow as needed
- No negative arbitrage
- Borrower may be minimum investment grade
- No recourse financing—project cash flow supported
Example of Project Flow of Funds

Gross Revenues

Project Operating Expenses

Senior Debt Service Reserve Fund

Senior Debt Service

TIFIA Debt Service

Rate Stabilization Fund

Major Maintenance Account

Surplus Revenues
Subordination Enhances Senior Debt

Projected Revenues

TIFIA Debt Service

Senior Debt Service

Expected Revenues (Coverage) of Total Debt Service

Enhanced Coverage for Senior Debt

Construction

Ramp-up

Years

$\$
TIFIA Payment Structure

35 Years

Maximum Term from Substantial Project Completion

10 years

Ramp Up Period = LOC Availability

5 Years

Deferral Period

Construction Period

Construction Commencement
Substantial Project Completion
First Payment Due
Final Maturity
### Selected Projects – Key Features

<table>
<thead>
<tr>
<th>Project</th>
<th>Key Credit Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miami Intermodal Center Rental Car Facility</td>
<td>TIFIA is senior debt. Project Life Cover Ratio used as a trigger for contingent rent and rental car fee increases.</td>
</tr>
<tr>
<td>South Bay Expressway</td>
<td>• Mandatory/Scheduled Debt Service Structure</td>
</tr>
<tr>
<td>Staten Island Ferries</td>
<td>• Alternative payment schedules</td>
</tr>
<tr>
<td>Reno Rail Corridor - ReTRAC</td>
<td>• Structured in three separate loans each backed by different revenue pledge</td>
</tr>
<tr>
<td>Central Texas Turnpike</td>
<td>• TIFIA takeout of BANs, depending on cost effectiveness.</td>
</tr>
<tr>
<td></td>
<td>• Alternative payment schedules</td>
</tr>
<tr>
<td>183-A Turnpike</td>
<td>• TIFIA takeout of BANs</td>
</tr>
<tr>
<td>LA-1</td>
<td>• TIFIA takeout of BANs</td>
</tr>
</tbody>
</table>
SAFETEA-LU Amendments

- Eligibility extended:
  - Private freight rail facility providing public benefits
  - Port improvements necessary for intermodal access
- Project thresholds lowered:
  - $100 million to $50 million
  - ITS threshold lowered from $30 million to $15 million
- “Work-out” authority enhanced:
  - 10-year limit on ability to defer loan repayments removed
- Line of credit improved:
  - Reserve funds need not be tapped before TIFIA draw
  - 20 percent annual limitation removed
“(D) a project that –

(i) is a project –

(I) for a public freight rail facility or a private facility providing public benefit for highway users;
(II) for an intermodal freight transfer facility;
(III) for a means of access to a facility described in subclause (I) or (II);
(IV) for a service improvement for a facility described in subclause (I) or (II) (including a capital investment for an intelligent transportation system); or
(V) that comprises a series of projects described in subclauses (I) through (IV) with the common objective of improving the flow of goods;

(ii) may involve the combining of private and public sector funds, including investment of public funds in private sector facility improvements; and

(iii) if located within the boundaries of a port terminal, includes only such surface transportation infrastructure modifications as are necessary to facilitate direct intermodal interchange, transfer, and access into and out of the port.”
Port of Anchorage: Project Overview

- **Location:** Anchorage, Alaska.

- **Project:** Expansion of port facility originally constructed in 1960: new rail line; new berthing space; deepening of ship channel; expansion of intermodal terminal yards; new intermodal terminal facilities and new administrative and maintenance facilities.

- **Sponsor:** Port of Anchorage, an agency of the municipality of Anchorage.

- **Major Activity:** Petroleum products have greatest share of tonnage but two major cargo carriers, TOTE & HORIZON, occupy 68% of terminal footprint and provide 58% of revenue.

- **Cost:** Estimated eligible project cost is $369.2 million.
Port of Anchorage: Project Overview

1. Replace and upgrade port infrastructure

2. Purchase new port equipment

3. Expand leasable land
### Port of Anchorage: Credit Request

| Credit Instrument: | Direct Loan  
|                   | (to be drawn during 2007-2011) |
| Amount Requested:   | $50 million  
|                   | (est.14% of eligible project costs) |
| Repayment Sources:  | TIFIA loan secured by port revenues  
|                   | derived primarily from tariffs and leases |
Project Selection & Funding

1. Sponsor Submits Letter of Interest to the DOT
2. Sponsor Prepares and Submits Application to the DOT
3. DOT Staff Prepare Preliminary Evaluation and Arrange Sponsor Presentation
4. DOT Staff Prepare Final Evaluation and Make Recommendation to TIFIA Credit Council
5. TIFIA Credit Council Provides Recommendations to the Secretary, who Selects Projects to Receive TIFIA Credit Assistance
6. The DOT Issues Term Sheet and Obligates Funds
7. The DOT Executes Credit Agreement and Disburses Funds
Documentation Requirements

MAJOR REQUIREMENTS

- Preliminary rating opinion letter obtained
- Draft EIS circulated (or Categorical Exclusion or FONSI obtained)
- Project consistent with state transportation plan and, if applicable, included in metropolitan transportation plan
- ROD obtained
- Project included in STIP
- Investment-grade rating on senior debt submitted prior to anticipated closing date

APPLICATIONS, APPROVALS, AND FUNDING

- Letter of interest provided
- Application submitted
- Project selection made
- Term sheet issued
- Funding obligated
- Credit agreement executed
- Funds disbursed according to terms
Organizational Framework

Secretary of Transportation

DOT Credit Council

Asst Secy. for Policy
General Counsel
Under Secretary for Policy
Director of OSDBU

Asst. Secy. for Budget and Programs (Chair)
Federal Transit Administrator
Federal Highway Administrator
Federal Railroad Administrator
Maritime Administrator

Chief Financial Officer

TIFIA Joint Program Office
### Key TIFIA Contractual Documents

<table>
<thead>
<tr>
<th>Document</th>
<th>Major Prerequisites</th>
<th>Resulting Action</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Term Sheet</strong></td>
<td>Credit Assessment: Preliminary rating opinion letter on senior debt</td>
<td>Defines amount of TIFIA credit assistance committed</td>
</tr>
<tr>
<td></td>
<td>Environmental Clearance: ROD, FONSI, or Categorical Exclusion</td>
<td>Obligates contract authority</td>
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<td></td>
<td>Planning Consistency: Inclusion in the STIP and long range plan</td>
<td>Establishes interest rate for line of credit</td>
</tr>
<tr>
<td><strong>Credit Agreement</strong></td>
<td>Credit Assessment: Investment grade credit rating on senior debt</td>
<td>Defines final terms of assistance</td>
</tr>
<tr>
<td></td>
<td>Appropriate Security Features: Rate covenants, etc.</td>
<td>Establishes interest rate for secured or guaranteed loan</td>
</tr>
<tr>
<td></td>
<td>Updated Financial Plan: All necessary funds committed to the project</td>
<td>Authorizes submission of requests for disbursement of funds</td>
</tr>
</tbody>
</table>
Private Activity Bonds

- SAFETEA-LU amends section 142 of IRS code to authorize $15 billion in exempt facility bonds for qualified highway or surface freight transfer facilities:
  - Any surface transportation project which receives Federal assistance under title 23,
  - Any project for an international bridge or tunnel which receives Federal assistance under title 23,
  - Any facility for the transfer of freight between truck and rail which receives Federal assistance under title 23 or title 49.
- The $15 billion in authority is not subject to state volume caps
- The Secretary of Transportation shall allocate the $15 billion as the Secretary deems appropriate.
For More Information

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