

and Specified Fares Tables (Memo 0390). Intended effective date: 1 April 2007.

*Docket Number:* OST-2006-26631.

*Date Filed:* December 15, 2006.

*Parties:* Members of the International Air Transport Association.

*Subject:* TC31 North & Central, TC3-Central America, South America, Resolutions and Specified Fares Tables (Memo 0391). Intended effective date: 1 April 2007.

*Docket Number:* OST-2006-26632.

*Date Filed:* December 15, 2006.

*Parties:* Members of the International Air Transport Association.

*Subject:* TC123 Areawide, Resolution 015v (Memo 0342). Intended effective date: 1 April 2007.

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*Date Filed:* December 15, 2006.

*Parties:* Members of the International Air Transport Association.

*Subject:* TC123 South Atlantic, Resolutions and Specified Fares Tables (Memo 0344), Technical Corrections: TC123 South Atlantic Resolutions, (Memo 0348). Intended effective date: 1 April 2007.

*Docket Number:* OST-2006-26634.

*Date Filed:* December 15, 2006.

*Parties:* Members of the International Air Transport Association.

*Subject:* TC123 Mid Atlantic, Resolutions and Specified Fares Tables (Memo 0345). Intended effective date: 1 April 2007.

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*Parties:* Members of the International Air Transport Association.

*Subject:* TC123 North Atlantic, (Except between USA and Korea (Rep. Of), Malaysia), Resolutions and Specified Fares Tables (Memo 0346). Intended effective date: 1 April 2007.

*Docket Number:* OST-2006-26636.

*Date Filed:* December 15, 2006.

*Parties:* Members of the International Air Transport Association.

*Subject:* TC123 North Atlantic, (Between USA and Korea (Rep. Of), Malaysia), Resolutions and Specified Fares Tables (Memo 0347). Intended effective date: 1 April 2007.

**Renee V. Wright,**

*Program Manager, Docket Operations, Federal Register Liaison.*

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## DEPARTMENT OF TRANSPORTATION

### Office of the Secretary

#### Notice of Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits Filed Under Subpart B (Formerly Subpart Q) During the Week Ending December 15, 2006

The following Applications for Certificates of Public Convenience and Necessity and Foreign Air Carrier Permits were filed under Subpart B (formerly Subpart Q) of the Department of Transportation's Procedural Regulations (See 14 CFR 301.201 et. seq.). The due date for Answers, Conforming Applications, or Motions to Modify Scope are set forth below for each application. Following the Answer period DOT may process the application by expedited procedures. Such procedures may consist of the adoption of a show-cause order, a tentative order, or in appropriate cases a final order without further proceedings.

*Docket Number:* OST-2006-26610.

*Date Filed:* December 13, 2006.

*Due Date for Answers, Conforming Applications, or Motion to Modify Scope:* January 3, 2007.

*Description:* Application of Murray Air, Inc. requesting reissuance of its certificate of public convenience and necessity in the name of National Air Group, Inc.

*Docket Number:* OST-2006-26649.

*Date Filed:* December 15, 2006.

*Due Date for Answers, Conforming Applications, or Motion to Modify Scope:* January 5, 2007.

*Description:* Application of All Nippon Airways Co., Ltd. (ANA), requesting an amendment to its foreign air carrier permit authorizing ANA to engage in (a) scheduled all-cargo service between any point or points in Japan, on the one hand, and Chicago, Los Angeles San Francisco and New York (via a technical stop at Anchorage), on the other hand, and (b) charter all-cargo service between any point or points in Japan and any point or points in the United States, and other all-cargo charters.

**Renee V. Wright,**

*Program Manager, Docket Operations, Federal Register Liaison.*

[FR Doc. E6-22275 Filed 12-27-06; 8:45 am]

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## DEPARTMENT OF TRANSPORTATION

### Federal Transit Administration

#### Debt Service Reserve Pilot Program

**AGENCY:** Federal Transit Administration (FTA), DOT.

**ACTION:** Notice; Solicitation of Proposals to Participate in the Debt Service Reserve Pilot Program.

**SUMMARY:** This solicitation is for proposals from public transportation agencies currently receiving grant funds under the Urbanized Area Formula Program at 49 U.S.C. 5307 to establish a debt service reserve fund in connection with bonds to be issued in support of a public transportation project.

**DATES:** Complete proposals may be submitted to FTA at any time prior to June 1, 2009.

**ADDRESSES:** Proposals must be submitted electronically to [Paul.Marx@dot.gov](mailto:Paul.Marx@dot.gov) and [Katherine.Mattice@dot.gov](mailto:Katherine.Mattice@dot.gov). The subject line of the e-mail should read: Proposal for Debt Service Reserve Pilot Program.

**FOR FURTHER INFORMATION CONTACT:** Contact Paul Marx, Office of Budget and Policy, (202) 366-1675, e-mail; [Paul.Marx@dot.gov](mailto:Paul.Marx@dot.gov).

#### SUPPLEMENTARY INFORMATION:

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#### I. General Program Information

##### A. Authority

Section 3023(3) of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act—A Legacy of Users (SAFETEA-LU) established the Debt Service Reserve Pilot Program under 49 U.S.C. 5323(d)(4). This section establishes a pilot program to reimburse not to exceed 10 eligible recipients for deposits of bond proceeds in a debt service reserve that the recipient establishes pursuant to section 5302(a)(1)(K) from amounts made available to the recipient under section 5307.

##### B. Background

Debt service reserves (generally one year's debt service requirement) are usually required when a project sponsor issues debt bonds) in support of its project. The debt service reserve may represent as much as 10 percent of the face value of the bonds and must be

held until the bonds mature or are substantially repaid. This represents an opportunity cost to the public transportation provider's capital budget. By allowing this expense to be reimbursed with grant funds, the pilot program hopes to make the public transportation agencies' capital programs more cost-effective, and possibly to reduce the agencies' total cost of borrowing.

### C. Eligible Applicants

Public transportation providers, who currently receive grants under the Urbanized Area Formula Grants Program (section 5307), and issue or intend to issue bonds for eligible transit capital projects, and who wish to have the related debt service reserve reimbursed with funds available to them under section 5307, must submit a proposal. For the purposes of this pilot program there is not difference between bonds secured with purely local funds (such as a sales tax revenue bonds) or bonds secured with anticipated receipts of future grants fund (grant anticipation bonds). This pilot program is not intended to apply to public transportation agencies that issue bonds for which no debt service reserve is needed (as when certain bond insurance is present). These agencies may seek reimbursement of the financing costs associated with such bonds under existing authority. The pilot program is also not intended to apply to borrowing from a State Infrastructure Bank (SIB), even if such a bank required a debt service reserve. FTA reads the combination of conditions for eligibility—i.e., “an eligible recipient of section 5307 funds” and “bond proceeds deposited in a debt service reserve”—as being prescriptive of the applicability of this pilot program.

### D. Eligible Expenses

For the purposes of this pilot program, the bond proceeds deposited into the debt service reserve constitute the eligible costs to be reimbursed with section 5307 grant funds. Subsequent debt service payments and project costs will remain eligible for reimbursement, as authorized under section 5307. Thus, the sole effect of this authority is to accelerate the reimbursement for the debt service reserve.

### E. Matching Requirements

The Federal share for capital expenses, including payment of the debt service reserve, may not exceed 80 percent. All local and state revenues generally are eligible for inclusion in the local match with the exception of farebox and farebox-related revenues.

### F. Proposal Evaluation Criteria

Proposals from eligible Urbanized Area Formula grant recipients will be evaluated on the following basis.

- The proposal involves a bond issuance to occur within one Calendar Year.
  - The proposal includes a clear financial goal to be achieved by the bond issuance.
  - The bond issuance is likely to be rated (prior to any bond insurance) at least “investment grade” (i.e., BBB+, Baa or higher).
  - Without limitation, the bond issuance may be for revenue bonds secured solely by farebox revenues, provided the sum of Federal project reimbursement does not exceed 80 percent of eligible project costs including the debt service reserve. (See matching requirements above).
  - The proposal includes a description of the cash-flow or project acceleration benefit anticipated from use of the debt service reserve reimbursement.
- To the extent possible from the proposals received, FTA will seek to provide for geographic and size of public transportation authority diversity in the approval of pilot program participants.

### G. Program Requirements

Grants made for projects that include Federal reimbursement for financing costs are subject to Federal requirements that apply to all grants made under section 5307. This includes the requirement at section 5307 (g)(3) that states, with regard to debt financing, the “amount of interest allowed \* \* \* may not be more than the most favorable financing terms reasonable for the project at the time of borrowing.”

## II. Guidelines for Preparing and Submitting Proposals

FTA is conducting a national solicitation for proposals from public transportation agencies wishing to participate in the Debt Service Reserve Pilot Program. FTA will grant authority for not more than 10 agencies to use apportioned Urbanized Area Formula Grant funds to reimburse the cost of depositing bond proceeds into a debt service reserve. Public transportation agencies will be selected to participate on a competitive basis. To the extent possible, FTA seeks proposals for bond issuance to occur in calendar year 2007. However, if fewer than ten proposals are received FTA will process proposals for bond issuances after 2007 on a first-come first-served basis.

Proposals should be submitted electronically to: [Paul.Marx@dot.gov](mailto:Paul.Marx@dot.gov). and [Katherine.Mattice@dot.gov](mailto:Katherine.Mattice@dot.gov).

Proposals must be received by FTA no later than June 1, 2009. The public transportation agency designated to receive apportionments under the Urbanized Area Formula Grants program (section 5307) will submit a proposal that includes:

### 1. Applicant Information

Basic identifying information, including:

- a. Agency;
- b. Contact information for notification of project selection: Contact name, address, fax and phone number.

### 2. Project Information

Every application must:

- a. Identify the project in support of which bonds will be issued, the amount of the bonds, the term(s) of the bonds, the source of security for the bonds (e.g., pledged asset or revenue) and the projected interest rate(s);
- b. Provide a sources and uses of funds statement/budget for the project, taking into account the bond issuance;
- c. Document sources of funds likely to be used to match FTA funds;
- d. Document the benefit to be derived from issuing the bonds, the benefit anticipated from reimbursement of the debt service reserve, and how the reimbursement, which constitutes program income, will be used.
- e. Include a narrative portion (not more than 8 pages, double-spaced) that addresses: the historic role of debt in the public transportation agency's capital or operating plans, where the pilot program proposal fits within that context, and what proportion of the current capital plan the debt issuance and the debt service reserve represent.

## III. Proposal Review, Selection, and Notification

FTA will evaluate proposals based on the degree to which a public transportation agency has planned and justified the issuance of bonds or other debt to advance a transit capital project funded with section 5307 funds.

FTA expects to announce public transportation agencies selected to participate in the pilot program in a **Federal Register** Notice in early 2007.

Issued on December 22, 2006.

**James S. Simpson,**

*Administrator.*

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