



Federal Aviation Administration

Memorandum

Date: September 7, 2001

From: Manager, Airports Financial Assistance Division, APP-500

To: PGL Distribution List

Prepared by: Barry L. Molar

Subject: Program Guidance Letter 01-4

01-4.1 Innovative Finance Demonstration Program (IFDP) for FY 2002- Mark Beisse (202) 267-8826.

Program Guidance Letter 00-2.1 described the extension of the IFDP as a result of AIR-21 and procedures for the selection of up to 20 additional projects through fiscal year 2003.

Under existing authorization the projects are presently limited to the small and non-hub airports and non-primary commercial service or general aviation airports including relievers. The above PGL item resulted in the selection of the seven projects during fiscal year 2001 beyond the ten approved for several previous years, which are identified in the attachment.

To date there has been considerable interest in using the flexible matching share feature of the IFDP. We believe that this innovative technique has been tested adequately. Therefore, we are less inclined to pursue future uses of this technique. Likewise, we have also adequately tested the payment of principal and interest for prior terminal development. Regions and ADO's should not encourage the development of proposals to test either of these methods.

We may approve up to an additional 13 projects testing progressive financing under the IFDP that would leverage Federal funds or accelerate necessary work. Interested parties should be encouraged to explore the other eligible demonstration projects such as the payment of interest and payment of the costs for commercial bond insurance and other credit enhancements for airport bonds so that we may evaluate these techniques.

Occasionally, airports have proposed projects that would be outside the scope of the IFDP. It would be helpful, however, if information regarding any innovative project is provided so that its technique may be identified for future use. We would not encourage full scale proposals for this type of project but the information may be useful when we are considering future uses of the program.

In the past, we have established a deadline for submission of proposals to be considered in a fiscal year. In order to have an orderly process, we will continue this practice and are establishing a deadline of January 15, 2002. Submission by this date will assure that the proposal will be considered this fiscal year. Proposals received after this date may be considered if sufficient time exists. If they are not considered this year, they will be automatically held over until next year unless we are advised otherwise.

Original Signed by

Barry L. Molar