Transcript and Chat Room Comments from MAP-21 Webinar
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Operator:" Ladies and gentlemen, thank you for standing by. Welcome to the MAP-21 TIFIA implementation webinar. At this time all participants are any listen-only mode. Later we will conduct a question and answer session. Instructions will be given at that time. If you should require assistance during the call, please press star than 0. As a reminder, today's conference is being recorded. I would now like to turn the conference over to your host, Mr. Chris Bertram, Assistant Secretary for Budget and Programs and CFO. Please go ahead.

Hello, this is Chris Bertram. Welcome to our second webinar on implementing the MAP-21 provisions related to the TIFIA program. This is sort of a kickoff for a number of outreach efforts that we will have throughout the year to the transportation community to discuss the TIFIA program and the benefits that it can have for transportation. The Secretary has been very focused on the timely implementation of MAP-21; just last Friday, he issued a Notice of Funding Availability for the TIFIA program – just 21 days after the President signed the law. The NOFA is available on the DOT website and is also published in the Federal Register. One of the highlights of MAP-21 is the substantial increase in TIFIA funding. We have over the last authorization SAFETEA-LU averaged about $110 million, the funding level for 2013 was actually $750 million and a billion dollars in 2014. This extra funding will let us do many more TIFIA projects than we have in the past.

This increased funding will allow us to do many more projects than we have in the past and will allow us to do larger projects since we aren't going to have the same funding constraints that we had on the last authorization. I'm now going to turn this over to Duane Callender. He's the Director the TIFIA Joint Program Office. Duane is going to lead everyone through the slides and discuss the features of TIFIA, what has changed under the new legislation. And then we will have a webinar where people can ask questions on-line through the chat function, and we'll also have an opportunity for people to ask questions over the phone. Anyway here's Duane Callender the Director of the TIFIA program.

Thank you, Chris, as Chris mentioned I'll quickly run through the slides so that we can get to your questions on-line, and also in the conference call. Chris mentioned that one of the biggest changes in program is the increase in funding from $122 million that we received before the increase of $750 million for 2013 and $1 billion in 2014 and that translates to potentially $17 billion in credit assistance over the two-year bill. Depending on the list of the projects that we do, the number could actually be larger than that. Historically we have a rule of thumb that each dollar budgeted will relate to $10 in credit assistance. Most of the projects that we've done range from toll roads to transit projects and others, and depending on the various lists of those projects, we have a wide range in our portfolio in terms of how much leverage we can get from the dollars. So the total TIFIA investment could result in over $50 billion in Federal, state and local investment in these projects. As Chris mentioned, the Secretary announced Friday, last Friday the Notice of Funding Availability that is now published up on our website, along with the new Letter of Interest that outlines the new application process for TIFIA. TIFIA is able to fund many different types of projects. That's one of the reasons why we're a Joint Program Office, because we do highway and passenger rail, transit, intermodal facilities, access to airports and sea ports. So we're always eager to talk to different project sponsors or have them show interest through the Letter of Interest process, because there is a wide range of flexibility in terms of what types of projects we can fund and also what types of projects we can fund to both public and private entities. To date about half of our portfolio involve public private partnerships, but traditionally we've also done a lot of public projects from transit agencies, State DOTs other kinds of public authorities, etc.

In terms of the new process, during the Letter of Interest stage – when that comes in, the Department is going to review the letters that are submitted to make sure that they're aligned with the eligibility criteria that are stated in MAP-21. After that review upon completion and determination by the Department that the project is eligible, DOT will invite an application for credit assistance. During that process we'll undertake the due diligence needed to ensure that the project meets all of the MAP-21 eligibility criteria, particularly the creditworthiness and the public purpose statements. So there's more information on the website. Through the Letter of Interest that details exactly what types of information DOT will look for. During that period if a project is being initially eligible, we'll get back to a project sponsor to ask for more information about financial plans, more information as to where the project is in the environmental clearance process, information about who exactly the project sponsor is, their capabilities in terms of advancing the project, and other things like having a preliminary rating opinion letter based on the financing structure of the project. So that at the end of the process, the Letter of Interest process, DOT will be able to make a final determination as to whether the project is indeed eligible and invited to move forward in the application process.

Now, that being said, I'm going to turn it over to Joanna Turner I'm going to let her talk about in terms of process of answering track questions.

Good afternoon thanks again for joining us for this webinar now we're going to try to turn it over to some Q&A and have an interactive session. We are going to primarily use the chat box, that's on your screen, so please go ahead and type questions as we move through. First, I'd like to pose a question to all of you, both on the phone and in the chat room. In light of the changes to TIFIA under MAP-21, what types of projects are you considering that DOT may not be aware of? And again, please use your chat box to answer the questions. In the meantime we did get one question through the chat box already. And [INDISCERNIBLE, AUDIO CUTTING IN AND OUT] Under MAP-21?

Yes. As I said, the, pretty much anyone that has, that is a legal entity that has the ability to control the project that they're applying for, has the ability to apply for TIFIA as long as they're going to follow the Federal requirements in terms of the project.

So it can be a port authority, it could be an airport authority, as long as the project is Title 23 or Title 49 eligible; it can be a city, it could be a county, it could be special purpose authorities, toll authorities. As Duane said, within the definition, they have to follow the regular general Federal process including environment, especially the environmental process.

Great. Thank you. And again, for TIFIA under MAP-21 what types of projects are those you of what are participating considering that DOT may not be aware of. So far we've gotten a couple questions about transit radio systems as part of ITS? You know transit projects. We've got one question about how TIFIA could potentially impact the New Starts Program.

Sure. Actually TIFIA is a great tool for a transit New Start, where you could have a transit New Start that goes through the regular FTA New Starts process, has a full funding grant agreement which generally only fund about 50% of a capital cost of a New Starts project. So TIFIA could make up part of the rest of the financing package that a Transit Authority would need. And it is something that we have done in Denver for the Denver Union Station project, and with some other transit authorities that we're working with. That being said, it could also be used for a New Start project that doesn't have any Federal grant funding, but has a way of financing it that would not require that they get a FFGA, they could simply come in for apply for a TIFIA loan.

As Chris mentioned, the project would have to be eligible under Title 23 for highway projects or Title 49 for transit, but I would encourage all projects, if there are questions to potentially contact their local Federal Highway Division Offices or Transit Regional Offices to run by exactly what they're thinking about and get a more detailed answer if there are questions.

Thank you. And again, we're getting lots of good comments in the chat box. Please continue to use that. A number of transit projects are coming through. We did get another question about whether port infrastructure projects are eligible for TIFIA.

Yeah. Our staff clearly makes eligible access to airports and sea ports that facilitate intermodal transit. So, once, again, I would encourage anyone with a project to contact us, so that we can see the exact specifics of the project and give us a better clearer read as to the eligibility.

Thank you. Next question, and I do think it's important that we go over this, somebody put into the chat box, is this a loan that needs to be repaid?

Yeah. The TIFIA program is basically, it's a loan program where we can either issue direct loans or loan guarantees, and really a basic requirement to participate is to have some sort of funding stream to repay that loan, and that can be a wide variety of funding streams. Quite a wide variety of sources. It could be tolls on a road or a bridge. It can be the revenues, you know, passenger revenues of some sort for, for a rail project. It could be a local dedicated sales tax that might be available just for transportation or a local gasoline tax. It could also be something which is called an availability payment, which is basically a pledge by a state or a city or other public entity that they will pay a certain amount each year for the term of the loan to repay it. We do have availability payments in our current portfolio. So the real key is to find a funding stream that is predictable, that will exist over time, that can repay the loan.

Yeah the only limitation as to the source of repayment is that we cannot accept a Federal source. Federal sources cannot be pledged for repayment, but other than that, if the entity has the legal right to pledge the source and we can get comfortable that it's sufficient to repay the debt, then it's probably eligible.

Yeah. Duane we've got a question about what the actual interest rate is, do you want to explain how that works.

Yeah the interest rate is set on the day that we execute the agreement and that is U.S. Treasury rate, so whatever the Treasury Rate is for a comparable maturity. Our loans are able to go out to 35 years after substantial completion, so we would look to the 30-year rate, if that's what our project sponsor was looking for on the day that we execute the agreement. If they were looking for a shorter team, we will look to see whatever that shorter term rate was.

We've got another question or several questions actually about the changes in MAP-21 regarding the minimum project numbers and the project financing thresholds.

So the change in MAP-21 was to add projects, rural projects as eligible projects. The minimum threshold for a typical TIFIA project was $50 million, so you have to have at least $50 million in a Federally-eligible project, meaning that the project has complied with all the Federal requirements. TIFIA could lend under MAP-21 now up to 49%, before up to 33%. Now, for rural projects, the minimum threshold is $25 million and for our, or for intelligent transportation system projects the minimum threshold is $15 million.

We also got a question Duane, does a TIFIA project need to be in the STIP.

It does. That's one of the requirements it has to be in the STIP and TIP. One other question I saw had to do with the requirement that the project be able to execute or move into its construction process within 90 days of obligation. This is simply that, within obligation of the loan, the project would have to start that process. The language is fairly broad in that it doesn't have to be completed but you have to at least be able to undertake that process if you're doing a public procurement or a design-build contract, etc.

A new question just came in. That's asking for clarification about the fee structure that was put in the Notice of Funding Availability.

So before MAP-21, our process was…we depend heavily on outside financial and legal advisor to aide us in the evaluation and negotiation of the loan agreements. And we've typically would charge that cost back to our project sponsors at the time that the loan or after the loan is executed. Due to the great increase in the program, that's something we're not able to do entirely anymore. So now during the Letter of Interest stage, once a Letter of Interest comes in and we do an initial evaluation and there's a determination that the project seems eligible on the big criteria, we'll then reach out to the project sponsor to ask for additional information about the financial plans, financial model, rating letter, etc., and at that time we'd ask for them to pay the $100,000 fee, which will help to offset us putting contracts in place for our financial or potentially legal advisors. Then at the time that the loan is actually closed, we would then charge back the rest of the costs to the project.

There's also been a question of those inner city passenger rail eligible and the answer is to that is yes. And the question, are there deadlines, and I think that's one the key differences that for this note that the Secretary issued compared to the ones we've issued for the prior three fiscal years. This is going to be, which had the prior NOFAs had deadlines for submitting the Letters of Interest. They were generally December 31st, and we did that, because we had very limited funding and we had typically about 30 projects the year that came in, and we only had enough money to maybe do 4 or 5, so we wanted everyone to sort of take a look at the whole cohort for that year and be able to determine what we wanted to pick. Under this new NOFA, there are no deadlines the Letters of Interest are going to be reviewed on a rolling basis. And the idea is really sort of to accelerate people's ability to get projects started and not wait for us to evaluate other competing projects.

I see a question about program of projects. Another change under MAP-21 is that a group of related projects can be submitted for funding as long as they have a common revenue source.

Right.

So that could be a group, you know, highway and transit and, and other modal projects as long as each of those elements in the project are in themselves eligible for funding. That's a way for certain projects, if they're having a difficulty to meet the actual minimum cost threshold or if it just makes sense to bundle them together because of how they're related.

Thank you. We've got one other question. I did just want to throw out to the group, and that is, what other types of information and outreach would be helpful for you to understand the DOT's credit assistance under TIFIA? And under MAP-21? So again, please use your chat functions to provide some suggestions. Kim, I think at this point we'd also like to open up questions from the phone, so if you can repeat instructions for how to do that, that would be great? "

Operator:" Thank you. Ladies and gentlemen, if you wish to ask a question over the telephone, please press star than one on your touch-tone phone. You will hear a tone indicating you have been placed in the queue. A voice prompt on your phone line will indicate when you're line has been opened. You may remove yourself from the queue at any time by pressing the star key followed by the digit two. If you're using a speaker phone, please pick up the handset before pressing the corresponding digits. Once, again, please press star one to ask a question over the telephone.

We did a question about what the definition is of rural is. In the case of TIFIA, it's basically outside of any urban area that is 250,000 in population and more. And that is, and someone asked what the citation was and that is actually in the law. That is something that Congress put into MAP-21.

And then some of the ideas people have had is in terms of what might be useful would be the development of case studies, and we do have a number of descriptions of existing projects, we're going to take another look at those and refine those and post those on the website. And, so that, I believe, I actually agree, I think one of the better ways to understand this is to look at a project that has gone through the TIFIA process, that has been approved and it's been successful in connection to describe. I think what we'd like to do is find some that are transit, some that are road projects, some that are sort of inter modal, some that are at airports so we are developing some case studies to sort of give people some practical ideas of what we can do.

Kim, are there any questions on the phone? "

Operator:" Yes. I do have some questions on the telephone, I'll open that first line.

Hank Webster with ARTBA – MAP-21 has language that says no more than 10% of the TIFIA funding shall be set aside for rural projects, I'm just wondering, I've heard interpretations that is a mandatory set aside of 10%. The way I read that, though is that, 10% is the limit, and I'm just wondering if you have any plans on how to implement that?

Yeah. So there is, that is correct. There's a 10% set aside for rural projects under which they can get slightly different terms. The main benefit of that is that they could get an interest rate that's half of the normal TIFIA interest rate.

Right.

And the way the language is written, the way we interpret is that 10% of the credit subsidy has to be withheld for those types of projects. Certainly if we have eligible rural projects above 10%, they would totally be able to qualify for the regular TIFIA program. They're not excluded from participating. They just wouldn't have the special benefit of the lower interest rate.

Okay. So you are interpreting that as there will be a 10% set aside, even though it says not more than 10% shall be?

Well, not more can be used with the special lower interest rate.

We can't take part of the 10% and spend it on something else.

Right. Duane?

Well, I think, though the way the language is written we have a 10% set aside, but at certain point in the year we look at it. If we don't use it up, then that money is available. There was a question about the Federalization of a project. To be clear TIFIA Federalizes any project that we fund in, so for whatever our investment is, the project would have to have the necessary eligible project costs that it went through all the Federal requirements, NEPA, Buy America, DBE, etc.

Kim, would you take another question from the phone? "

Operator: "I'll open the next line, caller please state your name?

Yes, this is Vince Stole of KPMG. I just have a question regarding the process. In the new process, there's a step between the submission of the LOI and the ultimate submission of the application where you're doing additional evaluation. For public sector sponsors who are under procurement, they'll be putting in an LOI around the project. And then what they expect to do was to go to the bidders; previously they were able to go to the bidders and say they have an allocation of TIFIA for $100 million or $200 million, and then the bidders were allowed innovation in how they develop their financing plan. It's difficult to get, how do you see this working with the bidders having different finance plans and therefore indicative ratings and financial models but they won't have a number in terms of TIFIA allocation? How do you see that procurement working?

I think it will work similar to how we've done in the past, what we required at that stage is that the project sponsor would have to develop a pro forma plan of finance and get an indicative rating based on that plan. We fully understand that once the, the actual awarded bidder is on board, their plan will change somewhat and there will be some changes to that, but we would have to have at least some idea of what the financing might look like, what the revenues might look like and the public sponsor would have to undertake some of that work upfront.

And, I think the way this would work is, once we have reviewed a Letter of Interest, and we agree that they're eligible and the Department invites them to submit an application, we would give whoever submitted the Letter an idea of how much we would be able to set aside for them in terms of loan volume, so it would still work, I think very similar to the way it works right now.

Yeah. And then we would anticipate that the actual application would come in from the awarded bidder.

We've gotten a question from the chat room. For government relying primarily on sales tax, with bond financing placing a lien on said sales tax, would TIFIA take a second lien position on the sales tax?

The answer is yes. The requirement is that if TIFIA is taking a subordinate lien there has to be an investment grade rating on the debt ahead of us. The one way certain entities have gotten around that is to place upon the same lien and issue as a senior and have an investment grade on TIFIA. That's a structure that we can definitely accommodate.

We've gotten several questions about whether we're going to archive this session? And we are going to post it, so it will be available for further review after this session's over.

Kim, can we take another question from the phone? "

Operator: "Yes, I do have another question. Caller, please state your name?

Hi, this is Peter Peyser, from Peyser Associates. Thanks for doing this, by the way. Extremely helpful. The statute makes creditworthiness the key criterion in evaluating proposals and I'm wondering if that requirement might somehow skew the program more in the direction of traditional toll road projects, because the markets are so much more comfortable and familiar with those kinds of credits? And what your reaction to that and how do you keep a mix of, of projects with that requirement in there?

This is Chris, I really don't see that skewing things. You know, we will be looking at these on an ongoing basis. The creditworthiness of a transit project that has a dedicated local sales tax compared to some other type of project that's more speculative – chances are the transit project might actually score a little better on the creditworthiness side and we have done a number of transit projects over the last three years, so I think the market and the rating agencies are becoming more familiar with you how to do those, so I don't see that as disadvantaging transit.

And I don't think there's actually been any change to what our creditworthiness requirements are from MAP-21 to SAFETEA-LU. I think it's just indicating that it is important. But the project always had to meet that standard.

Thank you.

Operator:" And there are no further questions over the telephone.

I saw a question about the Letter of Interest. There is not a page limit? The understanding is that we are asking for more detailed information now. The page limit would not makes sense now.

And the other point that we've been making that I think is important is that people shouldn't feel like they need to rush in a Letter of Interest to somehow get into some sort of queue. Frankly, I think it's really a lot smarter to spend the time putting together a very complete application and spending some time putting together a good financing plan that we can evaluate as opposed to trying to rush something in that might be incomplete that would require a lot of additional back and forth with the Department.

Question from the chat room, can you provide more information on how you determine the credit subsidy amount and the credit scoring?

Yeah, basically the two main drivers of the credit subsidy – that's a calculation, for those unfamiliar on the phone, basically assessing what the Government's risk is on each loan that we make available or each credit instrument – and that's something that DOT will do in conjunction with the Office of Management and Budget and it's really an internal accounting function. But the main drivers of that calculation are the ratings received on the TIFIA credit instrument, as well as the nature of the revenue pledge, pledge to repayment of the debt, and also the interest rate is agreed to which, just exactly how the amortization is scheduled, things like that. But the main driver would be the nature of the pledge and the actual ratings.

Going back to the 90-day window, does the procurement process need to occur within the 90-day window or does procurement need to be complete and shovels in the ground within 90 days?

No. No what MAP-21 requires is that the project sponsor be able to commence that process. Not that it be completed within that 90-day period.

Right.

Is a cost benefit analysis required for projects proposed under TIFIA? And if so is there an available reference resource?

There's not a specific cost benefit requirement in MAP-21, but obviously as part of the submission, we want to see exactly what the benefits of the project are, what the transportation benefits, exactly what is the, the public is getting for this new transportation investment.

Great. We've gotten a lot of comments about additional ways that we can do outreach. In particular whether we may put together a, a conference for live discussion or whether folks are available to go to specific conferences.

We are certainly, people from my office and from Duane's office are certainly available to come to industry functions or conferences. I think we plan to be at the APTA conference. I think there are a couple infrastructure conferences that are happening this fall where, actually Jake Falk from our policy office is going to be. So if there are people who think it would be helpful for someone to come in and explain TIFIA, maybe present a couple of case studies and be available for discussions, we'd be pleased to do that.

We've gotten several questions on the RRIF program, and how TIFIA and risk RRIF relate to each other and whether they re-plate to each other.

Just to explain what the RRIF program is the railroad loan program that the department runs as out the Federal Railroad Administration. The key difference is that under the RRIF program the applicant has to pay the credit risk premium under the TIFIA they're actually the Federal appropriation to do that. The eligibility of RRIF is somewhat narrower. It's available for freight railroad projects as well as passenger rail projects and short line projects. TIFIA is broader. It's as Duane described in his presentation, anything that's eligible under Title 23 or surface transportation under Title 49, those are sort of the key differences.

And, similar to the Denver Union Station project where both a TIFIA loan and a RRIF loan helped to finance that project. In terms of the relationship I think the Department is looking to use all its available resources to help potential projects and if there's a situation where it makes sense to have different types of investment because of eligibility issues or other things, it's something that the Department would be willing to look at.

Question about how the TIFIA loan is distributed. Usually once you've been awarded or chosen, is it all at once or on a cash flow basis?

TIFIA is like the Federal-aid program in that it's a reimbursement program, so for a typical loan, we actually have disbursement requests each month that we review and then make disbursements as costs have already been incurred or as invoices come due. Now, we also in our situations have had projects where they've already previously incurred a good portion of the loan costs, so we would be able to actually disburse shortly after closing in that situation.

Once an LOI is approved, and the $100,000 fee is collected, what happens to that money? I think this person is asking if you do not get an approval, do you get your $100,000 fee back?

No. No that money is collected to cover the cost to the Federal Government of evaluating the loan, which includes financial and legal advisors, so that money is spent once it's sent in.

Basically once an application is received, the Department hires an independent financial analyst or analysis to be conducted of the TIFIA application to determine its creditworthiness so that's what that $100,000 goes to defray.

I saw one question asking about projects where borrowers that have investment grade bond ratings, what benefits are those to TIFIA financing? Lots of our borrowers have used TIFIA for several reasons. Some because of the low interest rate, some because of the flexibility that TIFIA potentially has in terms of how we craft the amortization or the repayment schedule to fit the available revenue source. And the other factor that does, unlike a bond, because we're a reimbursement program you don't incur the interest expense until you actually draw down the funds, so that is a benefit to a lot of our project sponsors when they structure their financing.

Kim, can you give folks on the phone instructions on how to ask a question again? "

Operator: "Just a reminder, it is star one to ask a question over the telephone.

Great. Thank you.

I also saw a question about how we arrived at the figure of potentially $50 billion in leveraging for TIFIA. So, as I mentioned, basically the budget authority, the $750 million that we have available in 2013 and the billion that we have in 2014 goes to kind of recording what the government's risk is on each particular project that we invest into. So with a typical Greenfield toll road, because of the risk associated with whether people will actually use the road that might average something like 10 to 15% of the principal amount of the loan. So for each dollar that, that we get in budget authority, we can lend about $10 in terms of credit assistance. Now, with the change in MAP-21 before when TIFIA was limited to 33% of total costs, the calculation was that each dollar budget authority could be about $10 in credit assistance, which if TIFIA was a third of the project would be about $30 in total investment. Now that the project could potentially go up to 49% that calculation may well change if we have projects that are going over 33%. But that's kind of how we came up with the $50 billion.

Someone requested case studies for transit, bike, ped, and other non-motorized project. Have we used TIFIA in the past for…

We've used TIFIA for transit; not yet for bike, pedestrian. There might be some transit project that is part of it. So, as Chris mentioned, I think if you go on our website right now, there are case studies on all the projects that we funded to date, several of which are transit projects. But once again, we're also available if there are actually questions that can be directed to the TIFIA credit mailbox or to our office to answer.

Kim, are there any questions queued up on the phone? "

Operator: "I have no telephone questions at this time.

Okay.

We've get a question about the use of availability [INDISCERNIBLE, AUDIO CUTTING IN AND OUT]

I mean, yeah, the, the answer is, availability payments are clearly eligible and, actually in MAP-21, are spelled out as a potential dedicated repayment source. And we have the flexibility to craft, to be either in the senior position or to be in a subordinate position. There are different requirements that come with each of those positions. I mentioned earlier if we're in a subordinate position there has been an investment grade rating on the debt ahead of us, and we would require a rating on the actual TIFIA debt, though it wouldn't have to be investment grade for our own accounting purposes. But we also would have certain requirements as we look at the financing to figure out if there are equity returns there, to make sure that the TIFIA debts are not growing while equity is flowing to the private entity. Other things like that that will be flushed out in the negotiation process and evaluation of loan.

Can you talk a little bit about TIFIA use for refinancing existing loans at state and local government?

You know, in the past, where we were fully oversubscribed, refinancing had not been a high priority, because the Department was focused on new infrastructure, new investments. It’s clearly eligible. So, a project sponsor as with any other project sponsor, would make the case for exactly what the Government is getting, what the citizens are getting for that project. One of the requirements for the refinancing language that came about first under SAFETEA-LU was that in order to do a refinancing, there had to be new capacity or, it had to free up money for other transportation, additional transportation benefits.

And then we got a question on Wednesday about use of TIFIA as match for state and local governments for projects.

Yeah. TIFIA can be the local match.

I see a question about – is starting land acquisition or design sufficient to satisfy the 90-day window in reference to starting the contracting process? You know, we probably have to discuss exactly what is needed. Once, again, I would say, this is the good thing about the Letter of Interest process in that when the letter first comes in, you have the opportunity, and we'll get back to project sponsors when we have questions or other things we have to work through to provide, to get additional feedback, so we'd be able to work through that process and fully flush out what the Department's requirements would be.

Kim, are there any questions on the phone? "

Operator: "I have no questions at this time. But I'd like remind everyone it's star one if you have a question over the phone.

You've got a question about what types of reporting requirements are associated with TIFIA?

So TIFIA requires an annual financial plan update, which also relates to some of the major project requirements for Federal highways, and we require that for transit project as well. So a project sponsor would have to basically send in a plan that explains how the project is progressing against the original project budget, schedule, etc. If there are changes, explain that. Construction costs increase, things like that, as well as once the project is built, how the project is doing in terms of the revenue that is pledged to the TIFIA loan.

One of the questions that we got is, how we calculated the $50 billion, I think as Duane explained at a 33% rate, we'd get about, which would be a third of the total cost, you can get up to $50 billion of total projects that are sponsored. The law MAP-21 does include a change in that we can go up to 49%, but I think our NOFA is very clear that anytime we go above the existing 33%, that means we're taking some money away from another project, and it reduces our ability to, so do multiple TIFIA projects. So the NOFA requires very specifically that if a sponsor wants more than 33%, they need to very clearly spell out what the benefit is of the project and why we should go higher than 33.

And then your question, how long does it take from the LOI until the funds would be available?

That's really going to vary from project to project. The LOI is the first step of the process. That then leads to the development of a full application that has been reviewed by the Department that has had an outside independent financial analyst take a look at it. Make a recommendation as well as have two ratings from credit agencies. That can take six months, sometimes it can take a lot longer. Sometimes, if there's a problem with the environmental process or a delay that way. So it really sort of, the time from submitting the LOI to closing a loan is really going to be project and project specific and how quickly the applicant can put together a full application and have it reviewed.

So, any other questions on the phone? "

Operator: "There are no questions at this time.

Okay.

We just wanted to remind everybody that there is a docket open on the TIFIA program and on the NOFA specifically, so you can give us some feedback and comments on implementing the changes that were put in MAP-21. On the screen you should see the docket number. And that's the specific docket number you'll need in order to provide DOT with such comments.

In addition we've provided a link to the website where you can find additional information, including the TIFIA Notice of Funding Availability along with information on how to submit a

Letter of Interest, and more information on Letters of Interest in general. And we also set up a new inbox for TIFIA questions specifically. It's TIFIACredit@DOT.gov. So if you're in the shower and have questions tomorrow you can go ahead and still send those to us. For MAP-21 in general, we've set up a inbox as well that's MAP21@dot.gov. So if you've got questions or comments or even suggestions about how we can do outreach on MAP-21 more generally, that's, that's the correct inbox.

And we'll also be providing, we're working through kind of interpreting MAP-21 to provide additional, or revised program guide on our website, so you should check back at our website as we move along and put additional materials up there.

So anyway, thank you very much for participating in this webinar. Please feel free to contact us in the various ways that Joanna has described and we will continue to have events and outreach sessions like this throughout the year. But in the meanwhile, if you have any questions, either E-Mail us or take a look at the website. So thank you very much for participating.

Thank you.

And.

Operator:" And that does conclude our conference for today. Thank you for your participation and using AT&T teleconference service. You may now disconnect. [EVENT CONCLUDED]

Chat Room Comments for MAP-21 Webinar – August 3, 2012

Richard Rolland 2: shows Federal, state, local and rivate sector investment. What about Tribal Governments?

Sean Garcia: Wait, isn't it $1 billion in 2014? You said $750 million in both 2013-2014.

Host 2: Slide 2 shows a total of $1.75 billion for FY 2013 and FY 2014

Sean Garcia: That is why I asked, as his comment made it sound like $1.5 billion for the two years.

Community Transit: Will TIFIA help fund a rehabilition-expansion of our transit radio system as an ITS project?

Peter Peyser: With creditworthiness being the key criterion for evaluation, will the program end up tilting even more towards toll roads because the markets are more familiar with them?

Roger Martin: How does this impact the New Starts program?

Ana Cardenas: Would TIFIA be open to a senior transportation project using volunteers?

Louis Bekofsky: bus rapid transit system

Frank Flores: Los Angeles Westside Subway Extension Project and also the Regional Light Rail Connector

William Lehman: would it assist with renovation of a facility for a small urban to bring the building to ADA requirements

John Henshaw: What about port infrastructure?

Ted Rieck: what is the minimum project financing theshold? Has that changed in MAP21

Steven Brown: Will TIFIA be available for purchase of buses for use in inter-city transit service?

Nicole Losch, City of Burlington DPW: Have the leveraging amounts and the minimum project cost changed at all?

Kevin Keller: How about new freight railroad infrastructure projects?

Sandy: This is a loan and would need to be repaid??

Peter Peyser: There's a requirement that a project enter the "construction contracting process" within 90 days of executing a credit instrument. What do you mean by "construction contracting process?"

Deborah Stevenson: What is the payback period and terms?

RAE: if direct loan what kind or rates are available, albeit dependent on when it occurs? in comparison to prime rate or municpal bonds where does it fall?

Kevin Keller: How does this compare with the FRA's former RRIF Loan program?

Hiep: What is the interest rate associated with this loan?

Astrid Glynn: Does a TIFIA project need to be in the STIP - even if otherwise would not need to be?

Guest: Would High speed intercity passenger rail qualify under TIFIA?

Vince Dolan: In the new process there appears to be a new step between submittal of the LOI and the Invitation to Apply for TIFIA Credit assistance. This intermediate step requires submittal of the evaluation fee, an indicative rating and a financial model before an allocation is specified. How does the TIFIA office envision this process working for a public agency which is procuring an “eligible” project following submittal of an LOI and would like proposers to include TIFIA in their proposals but wants to allow proposers flexibility in their plans for innovation?

guest 2: MAP-21 says "no more than 10 percent of the TIFIA funds shall be set aside for rural projects." Some have interpreted this as a mandatory set aside. How is the TIFIA office viewing it?

Phineas Baxandall: Now that TIFIA funding will be distributed on a first-come-first-serve basis for eligible applicants, are there ways that USDOT will ensure that transit projects will not be effectively locked out because it could take longer to navigate the rules and approval for the new financing types, such as securing loans through local sales taxes, that transit agencies are more likely to use?

Ana Cardenas: What is the deadline to submitt a letter of interest?

Bryant jenkins - Sperry Capital 2: Will the LOI evaluation period be specified (e.g., 120 days) or is it arbitrary?

Ted Rieck: Can a program of projects be funded? Say a combination of roadway, transit vehicles, etc. that allows the minimum thresholds be met?

Daniel Hoff: Is it possible to pool projects together to meet the minimum dollar threashold?

Patrick Fleming - MDTA: Going back to the "90 day window" - does the procurement process need to occur within the 90 day window or does procurement need to be complete and shovels in the ground within 90 days?

Guest: After LOI is submitted, is the application mechanism through Grants.gov?

Larry Kelley: What is the defintion of rural? Please cite source.

Brian Hooker: Perhaps a regional conference/workshop

Ted Rieck: Case studies would be helpful to learn more about TIFIA

Peter Peyser: Will you come to the APTA meeting in Seattle to discuss the program?

Guest: Is the rural definition based on the NTD definition?

RAE: to ;atest question, is there a list readily available online of recently funded projects?

Roger Martin: Concur with Brian, Ted and Peter.

Joseph Licaros (MWAA): If an agency was funded by TIFIA loan, is the loan subject to Federal compliances and regulations similar to grant funding?

Astrid Glynn: Case studies - with contact info for people willing to discuss.

SANDAG: Is there a page limit for the LOI?

Janelle Ericson: For a government relying primarily on sales tax with bond financing placing a lien on said sales tax, will TIFIA take a secondlien posiition on sales tax?

Nicole Losch, City of Burlington DPW: If related projects are grouped for one application, how is the rural vs. urban jurisdiction evaluated?

Brian Hooker: Are letters of support from elecs helpful/eligible with applications?

Bryant jenkins - Sperry Capital 2: Will you provide more information on how you determine credit subsidy amount/credit scoring?

Patrick Fleming - MDTA: Going back to the "90 day window" - does the procurement process need to occur within the 90 day window or does procurement need to be complete and shovels in the ground within 90 days?

Guest: Is a Benefit/Cost Analysis required for projects proposed under TIFIA? If, so, is there an available reference resource?

guest 2: can you explain how you arrived at the figure of $50 billion for potentially leveraged investment? As the maximum eligible project share increased, won't that potentially have a weaker leveraging effect if each agreement approaches that 49 percent?

Stephen Kaplan: Can you address RRIF in its current state and its relationship with TIFIA (as in Denver Union Station) - thanks

Allison DeJong: Specific case studies for transit, bike/ped, and other nonmotorized projects would be really helpful. Thanks!

Guest: will Grants.gov be used for TIFIA applications?

Hanson Professional Services Inc.: How is the TIFIA loan distributed, all at once or on a cash flow basis?

Don Matson: After an LOI is approved, and the $100,000 fee is collected, what happens to that money? Whether or not the project is approved -is there a different fate?

Janelle Ericson: For borrowers with an investment grade bond rating; what benefits are there to TIFIA financing? Lower all-in rate?

Jesse Glazer (FHWA-CA): Will there be more specific guidance provided describing roles and responsibilities of Division Offices? How will TIFIA affect D.O. staffing needs (both FTE and expertise)?

James Aloisi: Can you say a word more about the use of availability paymetns for repayment - is the government prepared to take a second position to a P3 special purpose vehicle that is also receiving such payments?

Hanson Professional Services Inc.: Is starting land acquistion or design sufficient to satisfy the 90 day window?

Guest: What type(s) of reporting requirements are associated with TIFIA?

Janelle Ericson: How long does it take from the LOI until funds would be available?

Ogechi Eto, KPMG: Can you address the applicability of TIFIA to the California High-Speed Rail system?