Transit P3: What Can We Learn From Denver?
Rail~volution 2017
Denver, Colorado

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Office of General Counsel
DOT Encourages P3s!

- FTA’s 2007 Penta-P
- FHWA SEP-15
- Build America Bureau
- FTA’s Private Investment Infrastructure Procedures - 82 FR 35500
### Eagle Lessons Learned - Penta-P

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<td>CIG Rating – discounted equity contribution</td>
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<td>LONP – Phase 1</td>
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<td>Payment/Performance Bonds–state law</td>
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<td>FFGA Reimbursement – Concessionaire’s costs</td>
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<td>FTA’s New Start structure</td>
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<td>Timing of commercial close, financial close, FFGA</td>
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Why P3s Love TIFIA and RRIF...

- Long term, fixed cost, permanent, up-front financing
- Loan repayment source may be minimum credit quality (e.g., investment grade)
- Non recourse financing available—project cash flow supported
- Funds drawn as needed
- Flexible repayment schedule
- No pre-payment penalty
- Low interest rates

Low Interest Rate - Interest rate on 09/13/2017 was 2.77% for a 35-year loan
...and also PABs

- State or local governments issue tax-exempt bonds on behalf of a private entity.
- Private entity/developer responsible for all PABs debt service (PABs are not a moral or legal obligation of a governmental issuer).
- Can be used in combination with TIFIA credit assistance.
- Secretary of Transportation is authorized to allocate $15 billion.
- To date, over $11 billion of PABs issued or allocated.
Financial Plans Compared

**Eagle P3**

- Project Cost = $~2.3B
  - TIFIA Loan to RTD = $280m
  - FTA (CIG) to RTD = $1.03B
  - Other Federal Grants to RTD = $62m
  - PABs to DTP = $396m
  - Equity from DTP (Fluor, John Laing, Aberdeen) = $91m

**Purple Line**

- Project Cost: ~$2.4B
  - TIFIA Secured Loan to PLTP = $875m
  - TIFIA Capitalized Interest = $65
  - Total PABs to PLTP = $372m
  - Private Equity from PLPT (Fluor, Meridiam, Star America) = $143m
  - FTA CIG to MTA = $900m
  - Other MTA Payments = $90m
Financial Plans Compared

Eagle P3

- FFGA: 56%
- PABs: 17%
- TIFIA Loan: 12%
- Other Federal Grants: 4%
- Equity:...
- Revenue Bond Proceeds: 12%
- Local Contributions: 4%
- RTD Sales Tax: 4%

Purple Line P3

- FFGA: 37%
- PABs: 15%
- TIFIA Loan: 36%
- Other Federal Grants: 6%
- Equity:...
- Other MTA Payments: 15%
- Capitalized Interest: 15%
Common Themes

- Private Equity
- Fluor (+ACI)
- FTA CIG
- PABs
- TIFIA Loan
## Notable Differences

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<tr>
<td><strong>RTD</strong></td>
<td><strong>TIFIA Loan</strong></td>
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<tr>
<td>Loan <strong>NOT</strong> part of FFGA financial plan</td>
<td>FFGA</td>
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<td><strong>RTD</strong></td>
<td><strong>PABs Conduit Issuer</strong></td>
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## Interesting Differences

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<td>John Laing &amp; Aberdeen</td>
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<td>DTP -&gt; Fluor/BBRI -&gt; design/build JV</td>
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<td>DTP -&gt; Fluor/BBRI -&gt; Hyundai</td>
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The biggest difference!