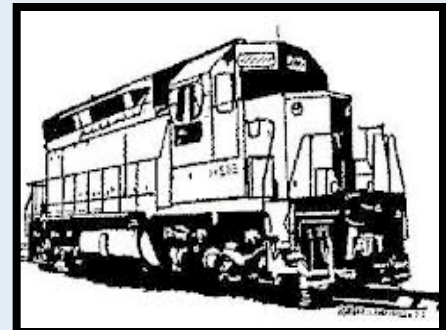
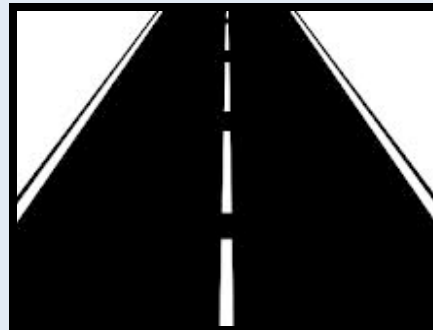
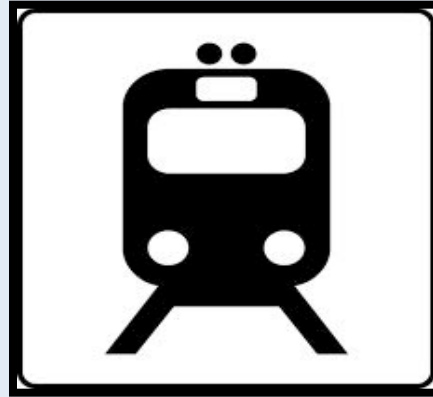


Making the Most of TIFIA/RRIF Financing



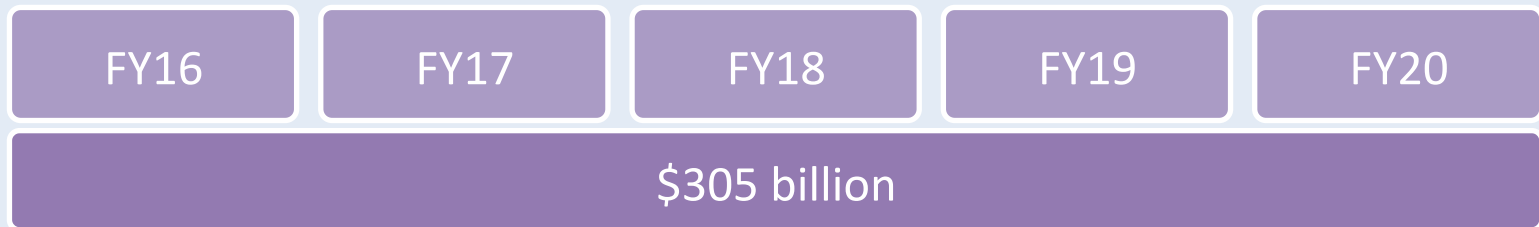
Who is LOCUS?

- Only organization working directly on behalf of developers and investors of walkable urban, transit-oriented and smart growth development.



FAST Act: Overview

- Fixing America's Surface Transportation (FAST) Act
- Passed on December 3, 2015



- 5-year authorization for federal surface transportation program
passenger rail program
- Establishes transit-oriented development financing for the first time
 - Railroad Rehabilitation Improvement Financing (RRIF)
 - *Transportation Infrastructure Finance and Innovation Act (TIFIA)*

Terminology

Funding

- Money (grants) that does not have to be repaid
- Federal, state, or local programs
- Provided on an annual basis through a formula or on a competitive, project-by-project basis

Financing

- Money (debt) that must be repaid
- TIFIA, traditional bond markets or state loan programs
- Project sponsors must pledge a specific repayment source
- Interest rates vary according to the credit rating of the issuing jurisdiction or the strength of the repayment source

Cost of Funds

- The interest rate paid on debt – i.e. how much you have to pay someone to convince them to loan you money
- Financing costs also include fees and other related legal and advisory expenses

Is your project near....

Bus/Bike-
Ped

Bus Rapid
Transit

Street Car/
Light Rail

Subway

Commuter
Rail

High Speed
Rail

Amtrak/
Intercity

TIFIA Eligible TOD Financing

Examples of TIFIA Eligible TOD/Local Projects:

- Commuter: MARC (DC), NJ Transit, LIRR, MBTA, PATH
- High Speed Rail: Cali High Speed Rail or NE Corridor
- Amtrak: Newark Penn Station or NYC Penn Station
- Subway: WMATA, MTA
- Streetcar: New Orleans, Atlanta
- BRT: Cleveland
- Bike-Ped: Local sidewalks, bike lanes and trails

TIFIA Financing: Purpose and Benefits

Purpose

- Fill financing gaps left by private capital markets
- Leverage federal funds by attracting substantial private and other non-Federal co-investment

Risk

- Federal Government takes on lending risk
- Provides same low interest rate to all projects

Cost

- Low interest rate offered even when TIFIA loan is subordinate or senior debts receive a credit rating below AAA

Flexibility

- Loans are repaid once construction is completed
- Repayment may be delayed for additional 5 years following construction
- Loan payments sculpted to match project revenues

TIFIA Credit Assistance Offerings

Direct Loan

Low-cost, flexible financing covering both development and construction activities

Repayment must occur within 35 years of completion

Loan Guarantee

Obligation of the Federal Government to repay private lender in case of bankruptcy or insolvency by project sponsor

Loan guarantee terms must be consistent with those of a direct loan

Line of Credit

Contingent loan available for up to 10 years after constructed completed

Once loan accessed, terms and conditions same as direct loan

TIFIA Program Basics

Eligible Applicants

States

Local Governments

Transit Authorities

Private Firms

Public-private
partnership

Special Authorities

Creditworthiness

- Senior project debts must receive an investment grade rating from two national rating agencies
- Investment grade is defined as “BBB(low)” or higher

Inclusion in Transportation Plans

- A project must be included in the transportation plan as well as the TIP/STIP
- Private entities are eligible to apply for a TIFIA loan provided their project is included in the statewide or metropolitan plan and TIP/STIP

Dedicated Revenue Source

TIFIA loan must have a dedicated source of revenue pledged as repayment, including:

- Tolls or other user fees
- Payments from a private entity through P#
- Tax such as sales, property, or income

TIFIA Program Basics

Eligible Projects

Highways

Bridges

Passenger Rail Vehicles and
Facilities

Intelligent Transportation Systems

Intermodal Connectors

Intermodal Freight/Port Access

Public Transportation

Intercity Bus Facilities

TOD Infrastructure

Loan Limit

A TIFIA loan may not exceed the following share of total project costs:

- **49 percent**
- **33 percent** for public sector project sponsors that take advantage of the “nonsubordination waiver” with a broad-based revenue source (e.g., sales, property, or income tax)

Minimum Project Costs

In order to qualify for a TIFIA loan, your project must meet the following cost threshold:

- \$50 million in urban areas
- \$25 million in rural areas
- \$15 million for ITS projects
- **\$10 million for TOD and Local projects**

MAP-21 defines rural as any area other than an urbanized area with population over 250,000

Eligible TOD Infrastructure

Property Acquisition

Demolition of Existing Structures

Site Preparation

Utilities

Transit Station Improvements

Open Space

Safety and Security Equipment

Building Foundations

Walkways

Pedestrian and Bicycle Access

TOD Related Infrastructure

Intermodal Transfer Facility

Facilities that incorporate community services such as daycare or health care

Construction of space for Commercial Uses

Note: While TOD “related infrastructure” includes TOD infrastructure categories such as parking garages, these projects should (1) promote greater transit ridership, (2) walkability, or (3) increase private investment.

”

Loan Requirements and Repayment Terms

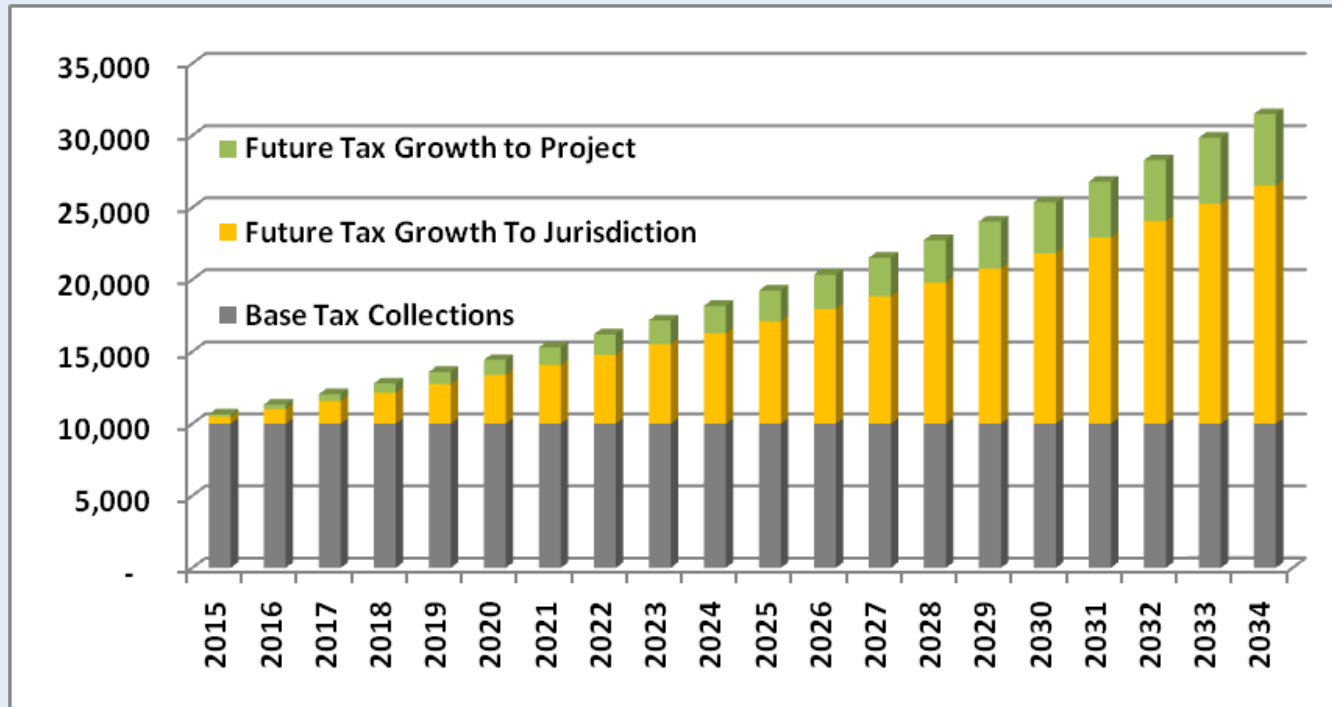
- **Credit Rating:** Senior debt must receive an investment grade rating (BBB low or higher) from two nationally recognized credit rating agency
- **Rate Covenant:** USDOT may require a rate covenant, which is a guarantee pricing of tolls and property assessment charges
- **Coverage Ratio:** USDOT may require a specific revenue projection over and above loan obligations prior to providing a loan
- **Maximum Amortization:** Loans must be repaid within 35 years after construction completed

Current Interest Rate: 2.81%,
as of January 9, 2018

Eligible Project Costs

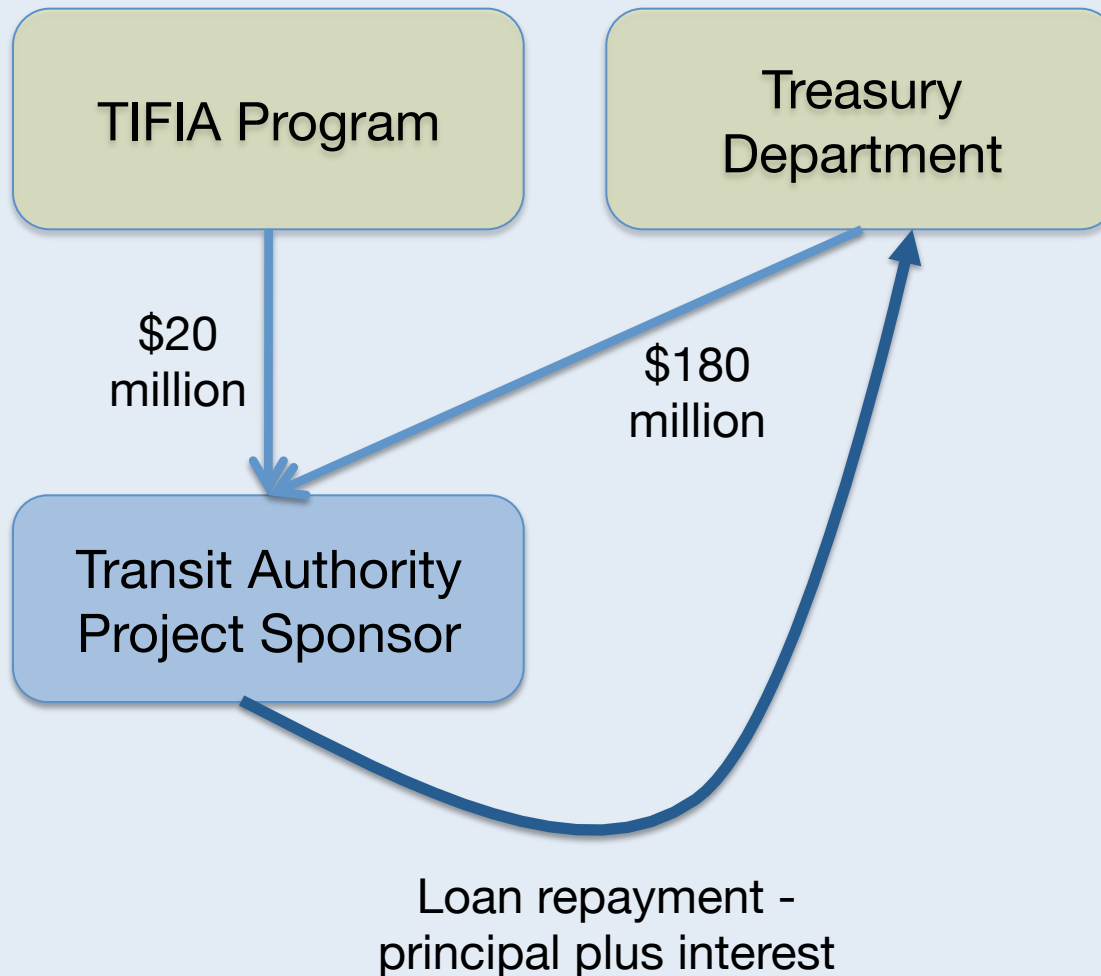
- **Development Phase Activities:**
 - Planning
 - Revenue forecasting
 - Environmental review
 - Permitting
 - Preliminary engineering
 - Design work
- **Construction Phase:**
 - Construction
 - Reconstruction,
 - Rehabilitation,
 - Replacement,
 - Acquisition of real property,
 - Environmental mitigation
 - Construction contingencies
- **Capitalized interest**

“Sculpting” Repayment to Meet Project Revenues



- **Standard TIF Revenue Curve:** Economic development around stations and within a transit corridor take time to build up. Property tax revenues from a TIF district are heavily back-loaded
- **TIFIA/RRIF Repayment Sculpting:** The TIFIA/RRIF program tailors repayment to match project revenues, allowing back-loaded payments

Example: \$200 Million Loan for from TIFIA



Loan Disbursement and Repayment Process

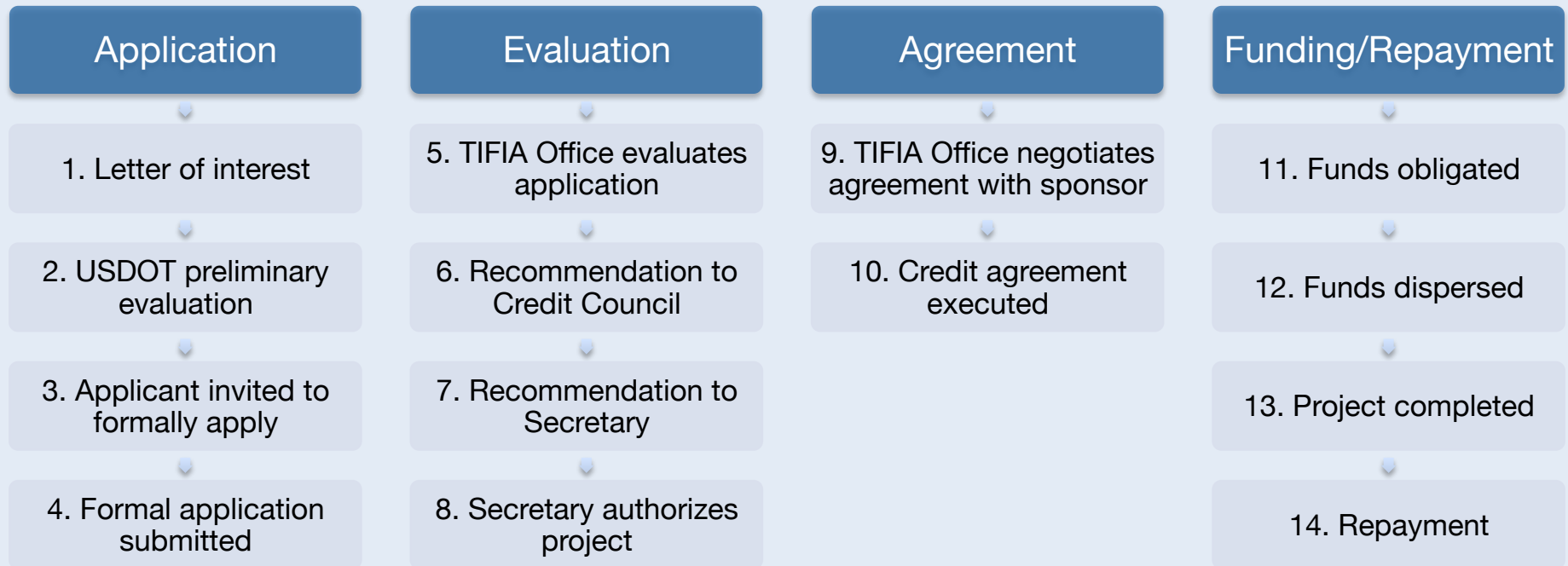
- 10 percent of the loan amount comes from the TIFIA program
- Remaining 90 percent comes from the Treasury Department
- All funds are repaid to the Treasury Department

TIFIA Authorization

- \$1 billion in FY2014
- \$275 million in FY16-18
- \$300 million in FY19

Leveraging: Every TIFIA program dollar can support approximately ten dollars in direct loans

TIFIA Project Financing Timeline



Other LOCUS Services

LOCUS LinkUP (Developer/Investor Matchmaking), a national program to bring smart growth-minded local leaders and real estate CEO to discuss new smart growth deal opportunities and objectives for creating walkable, sustainable development.

Attainable Housing and Social Equity Technical Assistance Program, a new technical assistance program that assists cities, local stakeholders and real estate industry throughout the U.S. to develop individualized approaches for each community aimed at implementing public and private sector strategies for ensuring accessibility and social equity in great walkable urban places.



Interested in applying? Contact
TOD Finance and Advisors today!

Christopher Coes,
Managing Director,
LOCUS: Responsible Real Estate Developers and Investors
&
President/COO
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