

# Transportation Infrastructure Finance and Innovation Act Debt Service Savings

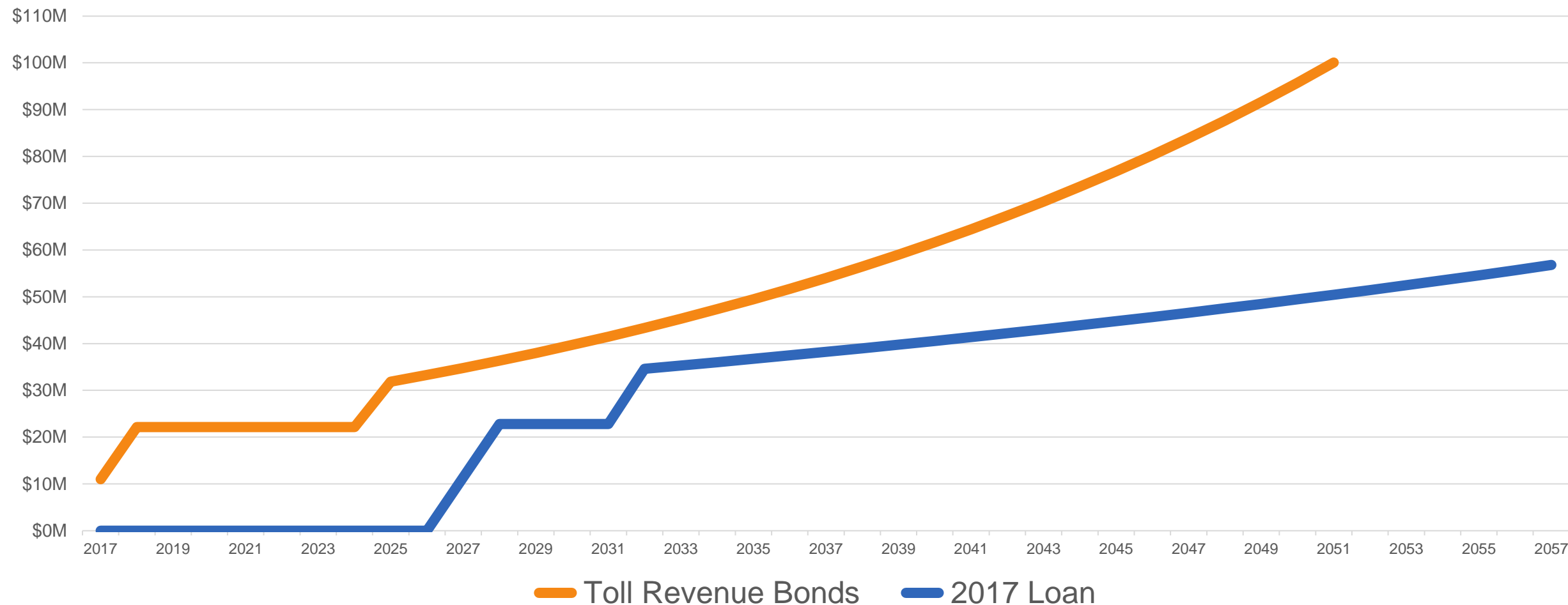
# Background

- In April 2015, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved the Interstate 405 (I-405) Improvement Project which included construction of the 405 Express Lanes
- The Board directed staff to utilize the most effective financing available
- Staff has used a combination of Transportation Infrastructure Finance and Innovation Act (TIFIA) loans and interim short-term financing to substantially reduce debt service costs for the I-405 Express Lanes

# 2017 TIFIA Loan

- Staff began working with the Build America Bureau Credit Programs Office (Bureau), the agency which oversees TIFIA loans for the Department of Transportation, in February 2016 to pursue a TIFIA loan due to the lower interest rate and flexible terms
- OCTA closed its first TIFIA loan in July 2017
- The loan amount was for \$628.9 million with an interest rate of 2.91 percent
- The net present value savings (NPV) of utilizing the TIFIA loan instead of issuing toll road revenue bonds is estimated to be \$300 million

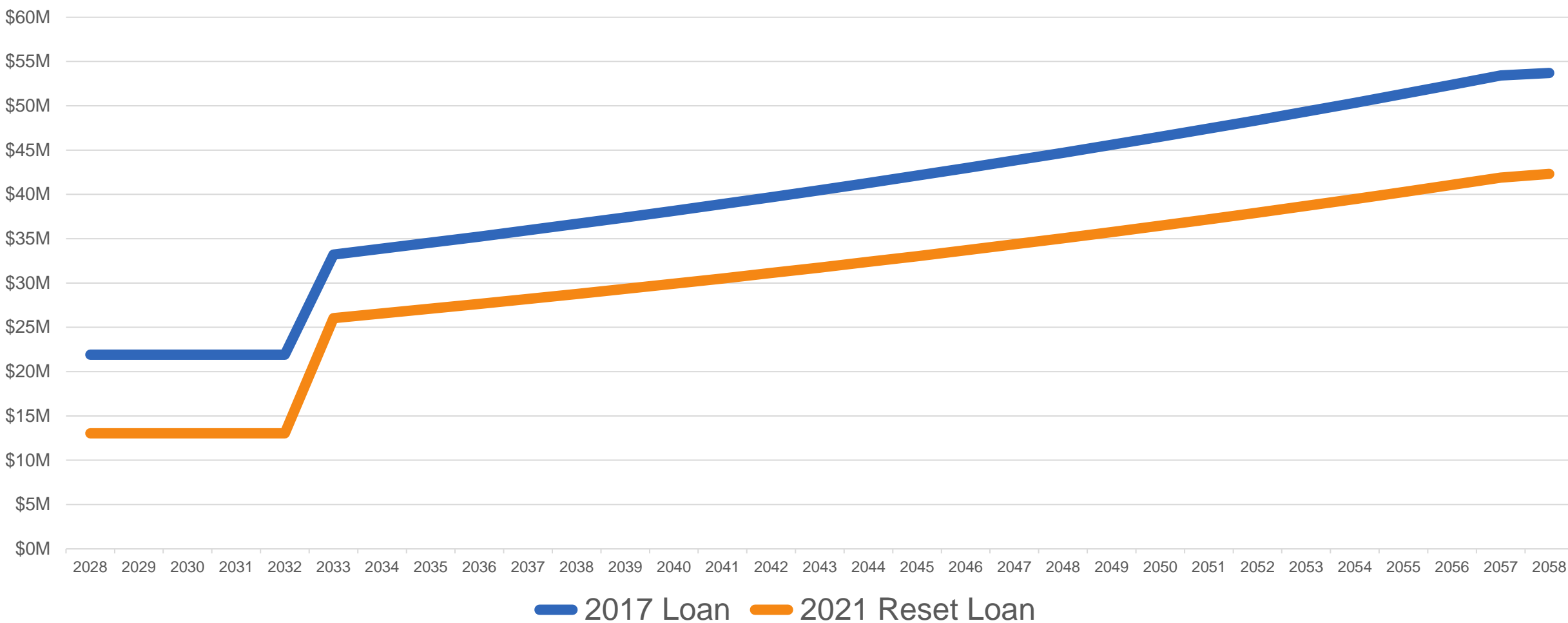
# 2017 TIFIA Loan – Debt Service Savings



# 2021 TIFIA Loan

- Staff contacted the Bureau on August 14, 2020, to lower the interest rate on the 2017 TIFIA loan
  - OCTA had made two draws on the 2017 TIFIA loan totaling \$287 million
- In March 2021, the OCTA Board approved the financing documents for the rate reset of the 2017 TIFIA loan
- The rate reset closed on September 9, 2021, at a rate of 1.95 percent
- OCTA became the first agency to close on a partially drawn TIFIA loan
- The NPV savings of the interest rate reset is \$158 million

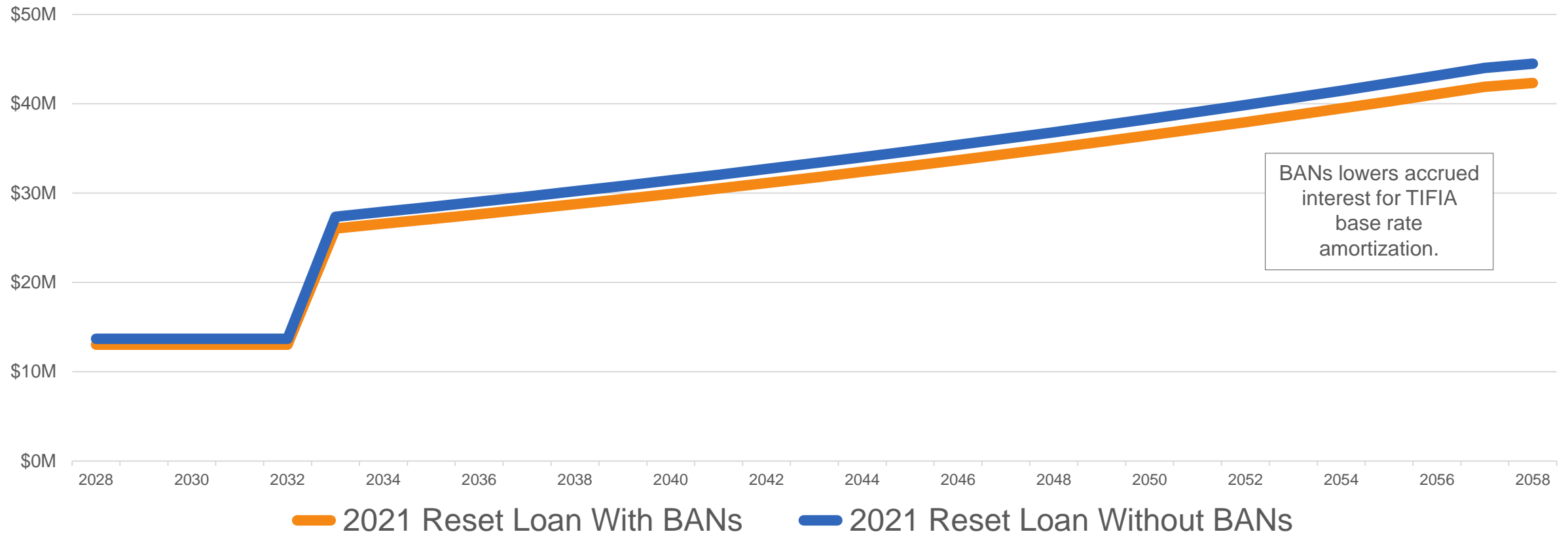
# 2021 TIFIA Loan - Debt Service Savings



# TIFIA Bond Anticipation Notes

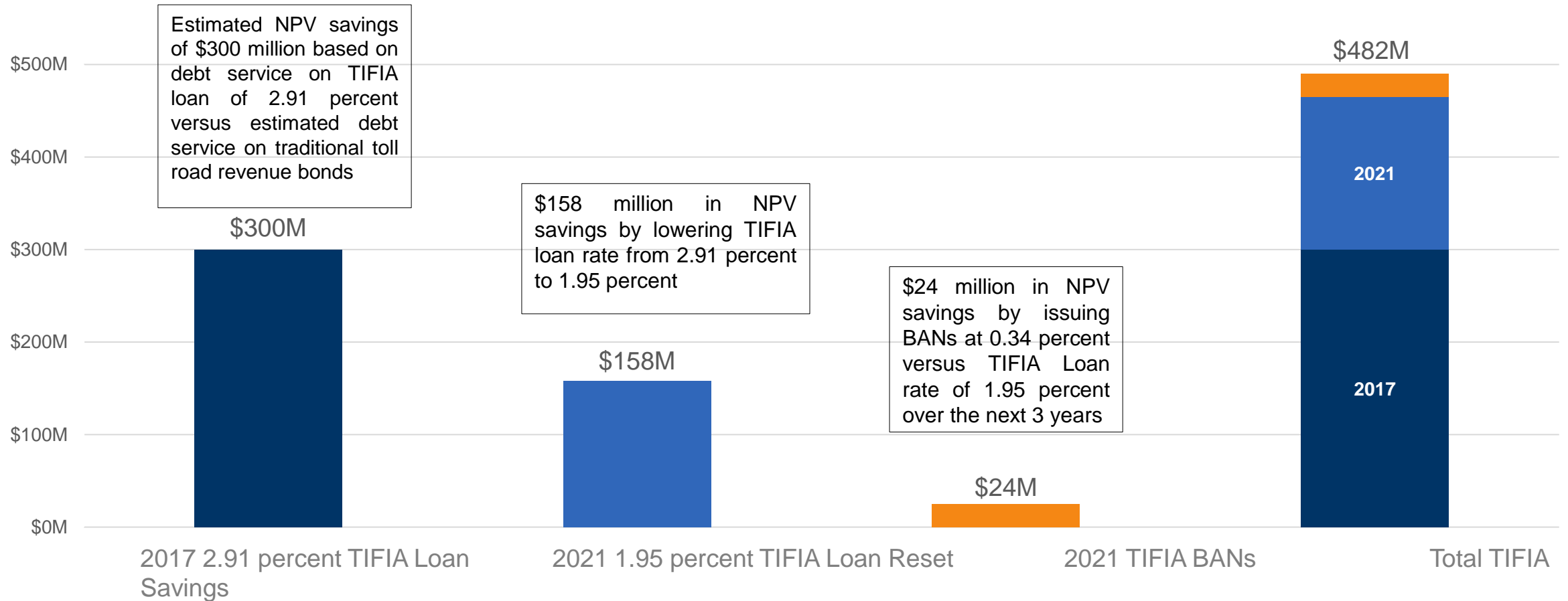
- On June 14, 2021, the OCTA Board approved the issuance of Bond Anticipation Notes (BANs) as short-term interim financing for the project
- OCTA issued the BANs on September 21, 2021, at a rate of 0.34 percent over three years
- The BANs allowed OCTA to borrow at a reduced interest rate over the next three years instead of drawing on the 2021 TIFIA loan at a rate of 1.95 percent
- The NPV savings of the BANs is \$24 million

# BANs - Debt Service Savings





# TIFIA Debt Service Savings



# Positive Impact on the 405 Express Lanes

- Lower debt cost allows for flexibility
  - Allows for congestion pricing instead of revenue maximization
  - Allows for high-occupancy vehicle (HOV)-2 to be free for off-peak times for the first three years
  - Allows for HOV-3+ to be free at all times
- Allows for earlier payback of the 2021 TIFIA loan
- Allows for net excess revenues to be generated earlier which can be used for projects in the corridor