



March 6, 2018

Working Group Meeting
Gilcrease Expressway

Request for Information

- A Request for Information (“RFI”) was issued on January 2, 2018
- 22 responses were received on January 31, 2018
- RFI responses were received from a range of interested firms including banks, underwriters, construction firms, equity investors and infrastructure funds
- Respondents were asked to provide information on project issues including design innovation, P3 structure, procurement challenges and financing structures
- Summary of responses
 - OTA would benefit from incorporating an Alternative Technical Concepts (“ATC”) process into the procurement in order to stimulate design innovation pre-award rather than post-award
 - Short-term construction financing with a permanent take out financing would provide the lowest financing cost
 - TIFIA could play an important role in the financing but may take significant time
 - Challenges in optimizing risk transfer if design and long term operating risks are not transferred
 - Schedule is optimistic if ATCs or design is incorporated

Overview of Proposed Financing Structure

- Private sector to provide short-term financing during the construction period
 - No payments made by OTA during construction
 - Short term borrowing rates
- Permanent financing via TIFIA Loan to OTA
 - OTA secures a TIFIA loan in an amount sufficient to repay the construction loan
 - TIFIA proceeds are used to repay the construction loan one year after substantial completion of the Gilcrease
 - TIFIA loan is secured by toll revenues generated by the Gilcrease
 - No payments are due to TIFIA until 5 years after substantial completion, allowing the revenues to ramp up
 - Low long term interest rate equal to 30-year US Treasury rate plus 0.01%
 - TIFIA loan to be fully repaid 35 years after substantial completion of the Gilcrease
 - Prepayments can be made at anytime without penalty or premium
 - Flexibility in repayment terms to mitigate risk of non-payment due to slower than anticipated toll revenue growth
 - Interest rate on the TIFIA loan is locked at financial close, eliminating interest risk for OTA once the construction contract has been awarded.

TIFIA Application Process

- OTA met with the Build America Bureau in October 2017 and received informal but positive feedback on the Gilcrease
- OTA will submit a Letter of Interest once finance plan is finalized
- TIFIA will notify OTA of project eligibility within 30 days after receiving the Letter of Interest
- TIFIA will undertake an assessment of the credit quality of the Gilcrease and major terms of the TIFIA loan will be negotiated
- Once the Credit Council reviews and approves the eligibility and credit quality of the Gilcrease, OTA will be invited to submit a formal application
- The TIFIA loan must be executed no more than 90 days after the formal application has been submitted
- Final Credit Council approval is required before the loan can be executed

Status and Timeline of GARVEEs

- ODOT will issue Grant Anticipation Notes (“GARVEEs”) in a principal amount sufficient to yield expendable proceeds of \$65 million, subject to annual debt service not to exceed \$6 million and a term to maturity not in excess of 15 years
 - INCOG adopted a resolution supporting and authorizing financial support of the GARVEEs in March 2017
 - Oklahoma Transportation Commission adopted a resolution authorizing the financing on November 6, 2017
 - Approval of the financing has been received from Council of Bond Oversight
- ODOT issued a Request for Proposals for Bond Counsel, Disclosure Counsel, Underwriters, and Printer on January 31st
 - 5 proposals were received by ODOT for both Bond and Disclosure Counsel
 - 16 proposals to serve as underwriter were received by ODOT
 - 2 proposals were received from printers
 - Selection of the financing team is scheduled to occur March 8th
- Preliminary financing timetable contemplates a GARVEE bond closing in May of 2018

Procurement Process

- Prepare public sector comparator
- Publish Notice of Intent to procure the Gilcrease as a public private partnership
- Issue Request for Qualifications
- Qualification statements received and evaluated
- Shortlist of Proposer teams approved by OTA Board
- Issue Request for Proposal and P3 Agreement in draft form
- Conduct industry review meetings
- Receive and evaluate Alternative Technical Concepts
- Issue Request for Proposal and P3 Agreement in final form
- Firm proposals received and evaluated
- OTA Board considers approval of the proposal providing the best value to OTA based on evaluation criteria set forth in the Request for Proposals
- TIFIA Loan and P3 Agreements finalized and executed
- Construction of the Gilcrease commenced