March 6, 2018

Working Group Meeting

Gilcrease Expressway
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.
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 GARVREE 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