



**Massachusetts Bay
Transportation Authority**

Quincy Bus Facility Modernization

Transportation Infrastructure Finance and Innovation Act “TIFIA” Loan

March 2024

Executive Summary

- The Quincy Bus Facility Modernization is an approved project within the Capital Investment Plan. Noting the different funding sources available to the MBTA to fund capital projects (State, Federal, MBTA Bonds, Grants), the MBTA has determined that maximizing the financed portion of this project from a TIFIA loan will preserve grant and bonding capacity.
- The MBTA is requesting Board authorization to enter into a TIFIA loan for the Quincy Bus Facility Modernization project for up to \$235,029,541. The final loan amount is determined by total project costs and must not exceed 49%.
- The MBTA has one outstanding loan with the Build America Bureau for the Commuter Rail Safety and Resiliency Projects (Positive Train Control/Automatic Train Control/Fiber Resiliency), which has previously saved more than \$130 million in financing costs over the life of the financing versus issuing MBTA bonds.



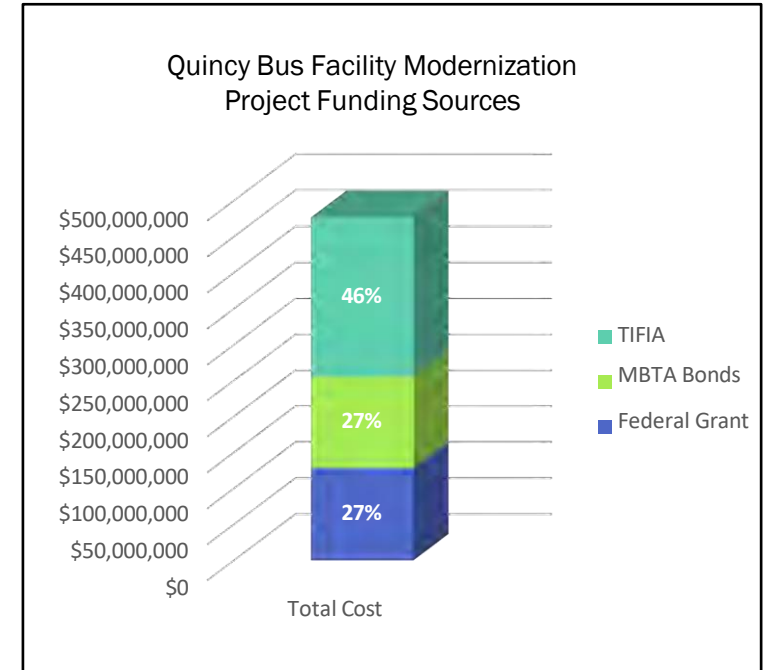
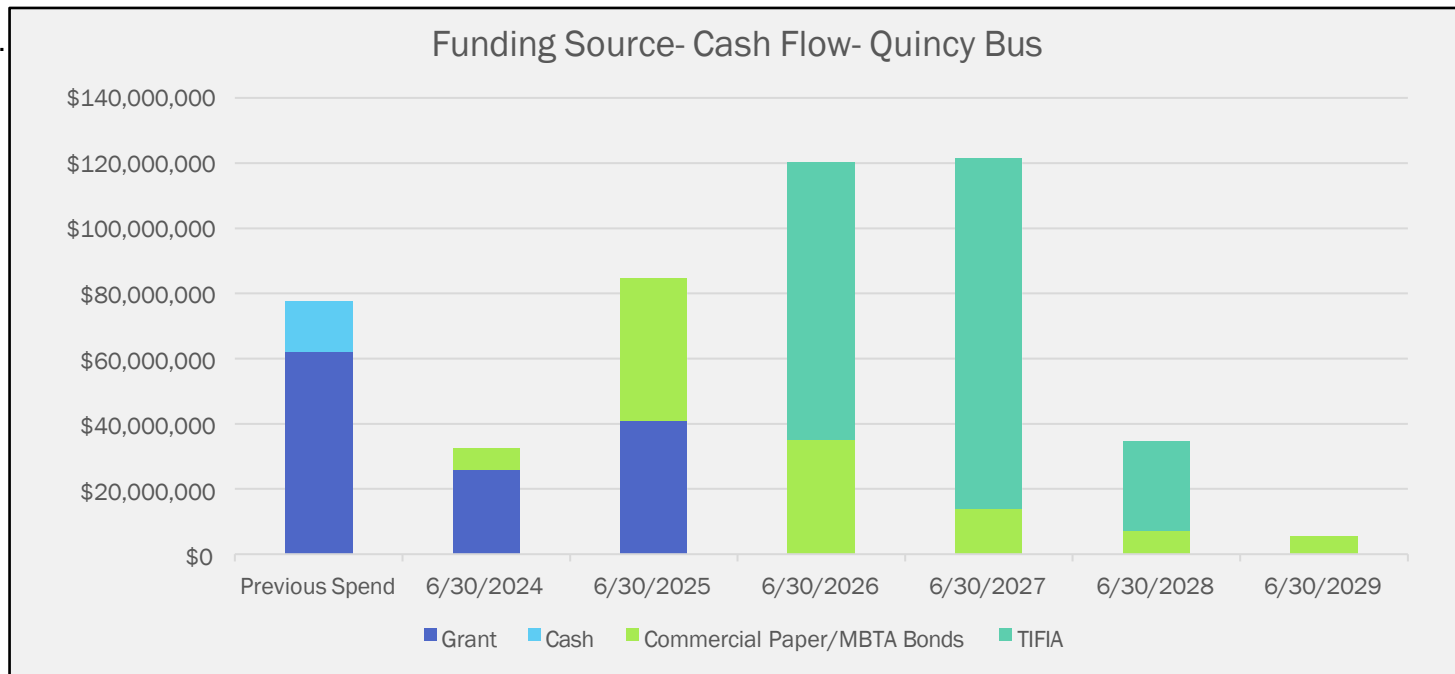
Key Benefits of the TIFIA Loan Program

- Low interest rates set to US Treasuries often provide a lower cost alternative to MBTA bonds
- This loan will act as a costless interest rate lock protecting the MBTA from future increases in interest rates
- Interest does not accrue until proceeds are drawn, eliminating interest during the project delivery period
- Ability to prepay loans at anytime without penalty or to take advantage of possible lower future interest rates
- The TIFIA loan will be secured by Subordinated Sales Tax Bonds, eliminating the need to fund a Debt Service Reserve Fund



Quincy Bus Facility Modernization - Loan Structure

- The Plan of Finance relies on grant spending for the early stages of the project, shifting to MBTA bonds and the TIFIA loan funds later. Using grant money first delays borrowing, thus reducing interest costs, and preserves grant capacity for other projects in later years.
- Final loan amortization in 2062, 35-year amortization¹
- Projected loan rate of 4.37%*, which is the forward Treasury rate. The Actual rate lock-in will be at loan closing.



Quincy Bus Facility TIFIA Loan – Key Metrics	
Project Completion	2027
TIFIA Loan Amount	\$235,029,541
Final TIFIA Loan Maturity	1/1/2062
Useful Life	35
Loan Rate*	4.37%*
Total Interest Costs	\$228,779,397

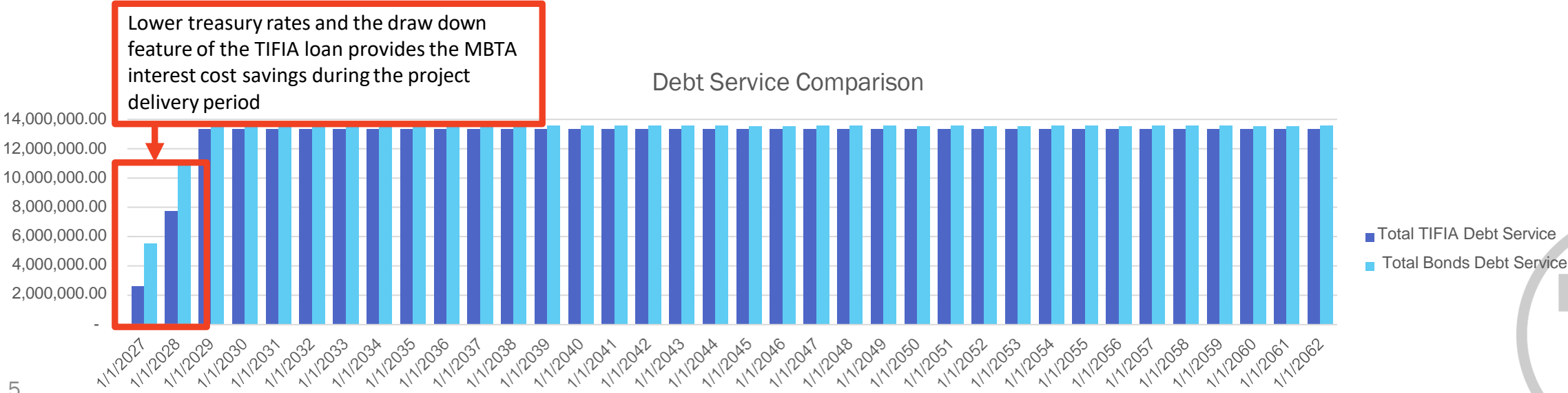
*Treasury Rate as of March 4th

¹ From substantial completion of 2/1/27

Quincy Bus Facility Modernization – Bonds versus Loan

- Use of the TIFIA Loan Program, with its drawdown feature, provides the MBTA with a lower cost alternative to issuing MBTA Bonds.
 - It is anticipated that the subordinate sales tax TIFIA loan will provide the MBTA with \$13.0 in interest cost savings over the life of the loan relative to bond funding.

	Subordinate Sales Tax TIFIA	Subordinate Sales Tax Bonds	Differential
Total Project Fund Proceeds	\$235,029,541	\$235,029,541	-
Final Loan Maturity	1/1/2062	1/1/2062	-
All-in TIC	4.370%	4.476%	0.106%
Interest During Construction Period	\$10,327,069	\$16,474,953	\$6,147,884
Total Debt Service	\$463,808,938	\$476,847,453	\$13,038,515



Quincy Bus Facility Modernization- Timeline

Date		Event
September 2021	✓	Letter of Interest for Quincy TIFIA Loan Submitted
October 2021	✓	Notification of Beginning of Creditworthiness Review
February 2022	✓	Kick off Presentation
February-April 2022	✓	Due Diligence/Creditworthiness Review
May 2022	✓	Invitation to Apply
January 2024*	✓	USDOT deems TIFIA loan application is complete
March 14, 2024		Audit and Finance Committee Review
March 28, 2024		MBTA Board Vote
April 2024		Expected USDOT Credit Counsel approval
April 2024		Expected TIFIA loan closing
February 2027		Quincy Bus Facility Modernization Substantial Completion
February 2028		Last permissible draw on TIFIA Loan

*Gap between Invitation to Apply and Application Acceptance due to Re-procurement of Project as Construction Manager At-Risk



Recommend and Authorize the Issuance of Subordinate Sales Tax Bonds

The request is for the MBTA Board to approve:

- The Plan of Finance recommended in memo from financial advisors PFM Financial Advisors, LLC and CE Jones Consulting, LLC
- TIFIA Loan Agreement between MBTA and U.S. Department of Transportation
- Issuance of Subordinated Sales Tax Bond Bonds, payable from the USDOT Loan Account, to secure the obligations under the TIFIA Loan Agreement
- Authorizing the Forty-Seventh Supplemental Trust Agreement providing for the issuance of the Bonds
- Sale of the Bonds to USDOT
- Authorization of MBTA Officials, and their delegates, to deliver and execute any documentation to effectuate completion of such transactions



Request for Authorization



Full Vote Language

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS

Authorizing Issuance of MBTA Bonds and Execution of TIFIA Loan

That the members of the Board of Directors of the Massachusetts Bay Transportation Authority (“MBTA”) that it:
Approve the Plan of Finance recommended by the MBTA’s loan advisors, CE Jones Consulting LLC and PFM Financial Advisors LLC, in their memorandum presented herewith;

Approve the TIFIA Loan Agreement (the “Loan Agreement”) by and between the MBTA and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau (the “USDOT Lender”), in substantially the form presented at this meeting, with such changes as are deemed advisable by the General Manager, Chief Administrator, Chief Financial Officer and Treasurer, or any of them acting singly (each, an “Authorized Officer”), the definitive form of such agreement to be evidenced conclusively by the execution thereof by an Authorized Officer;

Approve the issuance of Subordinated Sales Tax Bonds (the “Bonds”) in one or more series or subseries pursuant to the Sales Tax Trust Agreement to evidence the payment obligations under the Loan Agreement, and thereby to finance and refinance a portion of the costs of the modernization of the Quincy bus facility;

Authorize the Forty-Ninth Supplemental Trust Agreement providing for the issuance of the Bonds, in substantially the form presented at this meeting, with such changes as are deemed advisable by an Authorized Officer, the definitive form of such agreement to be evidenced conclusively by the execution thereof by an Authorized Officer;

Authorize the sale of the Bonds to the USDOT Lender on the terms and in the manner set forth in the Loan Agreement and the Sales Tax Trust Agreement; and

Authorize each Authorized Officer, the Chief Counsel and other officers of the MBTA and MassDOT, acting singly, to do all acts and things and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by the documents executed in connection with foregoing votes.

