



Federal Highway Administration 18-03  
Contact: Jim Pinkelman, 202-366-0660  
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## **U.S. Transportation Secretary Mineta Announces \$140 Million Loan For SR 125 South Toll Road, Salutes California Public-Private Partnership**

U.S. Transportation Secretary Norman Y. Mineta today announced that the federal government has executed a \$140 million loan for the SR 125 South Toll Road project in San Diego, CA. The borrower is the San Diego Expressway Limited Partnership (SDELP), a private entity whose general partner is California Transportation Ventures, Inc. (CTV). CTV is a subsidiary of the Macquarie Infrastructure Group (MIG), an international fund investing more than \$150 million to develop and operate the toll road.

The loan was made under an innovative financing program established by the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA). The loan proceeds will be used to help finance the design and construction of a 9.2-mile, four-lane toll road in San Diego County, California, connecting State Route 905 near the Otay Mesa port of entry from Mexico to the region's freeway system about 1.5 miles south of State Route 54 in Spring Valley.

“This project is a TIFIA success story, demonstrating how innovative federal financing tools can attract private investment to critical transportation projects,” Secretary Mineta said. “TIFIA provides an alternative to grants as a way of doing business, allowing private partners to share with the government the risk and rewards of infrastructure investment, thereby providing transportation, creating jobs and contributing to economic growth.”

In its recently released proposal to reauthorize federal surface transportation programs entitled the Safe Accountable Flexible Efficient Transportation Equity Act of 2003 (SAFETEA), the Bush Administration placed a significant emphasis on fostering similarly innovative public-private partnerships. Among other things, the proposal includes an expansion of the TIFIA program to include new kinds of freight projects and the project threshold was lowered from \$100 million to \$50 million. In addition, tax-exempt financing treatment is being sought for privately managed and operated highways similar to what is currently available to public entities.

MIG, with headquarters in Sydney, Australia, is the largest developer of toll roads in the world, with a portfolio of 26 roads in eight countries. The SR 125 South Toll Road is MIG's first project in the United States.

“The SR 125 South Toll Road is an exciting opportunity for MIG to deliver a road that has been part of California's planned freeway system since 1959,” MIG Chief Executive Officer Stephen Allen said. “SR 125 South Toll Road will improve regional mobility and enhance access for residents, employment centers and businesses in the South Bay area of San Diego.”

The TIFIA loan will provide part of the overall project financing, in conjunction with bank debt being provided by Spanish bank Banco Bilbao Vizcaya Argentaria, S.A. and Irish bank DEPFA BANK plc. These two experienced international project financiers will be the joint lead arrangers of a \$400 million senior secured construction and term loan facility, which will be syndicated following financial close.

TIFIA authorizes innovative financing through which DOT provides credit assistance rather than grants to public and private sponsors of major surface transportation projects. Eleven projects worth more than \$15.4 billion have been selected to benefit from TIFIA with \$3.5 billion in credit assistance at a budgetary cost of only \$183 million to the federal government.

The SR 125 South Toll Road is a key link in the regional transportation system that is needed to accommodate economic growth in the southern part of San Diego County. The project will facilitate traffic and trade across the U.S.-Mexico border at the Otay Mesa crossing. The current estimated project cost (including preliminary engineering, development costs, construction and financing) for the SR 125 South Toll Road is \$642 million. The project is being funded from a combination of senior bank debt, TIFIA loan, sponsor equity, and donated right-of-way. This is the first TIFIA project advanced with substantial private equity and bank loans.

TIFIA is designed to provide federal credit assistance to major transportation infrastructure projects that address critical national needs, such as intermodal facilities, border crossing infrastructure, highway trade corridors, and transit and passenger rail facilities with regional and national benefits. Projects eligible for assistance under TIFIA include highways and bridges; transit facilities and vehicles; intercity passenger bus and rail facilities and vehicles, including Amtrak and components of magnetic levitation systems; and publicly owned intermodal surface freight transfer facilities on or adjacent to the National Highway System.

SR 125 South Toll Road was one of the first five projects selected for credit assistance through TIFIA, which was authorized under the 1998 Transportation Equity Act for the 21st Century (TEA-21). Other projects selected to receive support under TIFIA include Tren Urbano Transit System, San Juan, PR; Miami Intermodal Center; Farley-Pennsylvania Station redevelopment project, New York; Metrorail Capital Program, Washington, DC; Staten Island Ferries and Terminals, New York; Cooper River Bridge, Charleston, SC; Reno Transportation Rail Access Corridor, Reno, NV; Central Texas Turnpike, Austin-San Antonio, TX, corridor; the San Francisco/Oakland Bay Bridge; and the Warwick Train Station project, Warwick, RI.

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