ACTA News
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U.S. DOT SECRETARY MARKS REPAYMENT OF $573 MILLION LOAN

FOR IMMEDIATE RELEASE:

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LOS ANGELES COUNTY, CALIF. – U.S. Transportation Secretary Norman Y. Mineta visited the Henry Ford Bridge on the Alameda Corridor Thursday morning to mark the repayment of a $573 million Department of Transportation (DOT) loan used in construction of the 20-mile corridor.

Secretary Mineta joined representatives from the Alameda Corridor Transportation Authority (ACTA), as well as elected state and local officials, in signing a proclamation acknowledging the repayment of the $400 million loan made in 1997 and accrued interest. The loan, which is being paid 28 years in advance of its 2032 maturity date, was a key component in construction of the $2.4 billion Alameda Corridor rail expressway between the Ports of Long Beach and Los Angeles and the downtown L.A. rail yards.

ACTA held a public bond sale April 21. The joint-powers authority will formally pay off the DOT loan with a wire transfer scheduled for May 6. The bonds will save the joint-powers authority $65.8 million in present value. The terms were approved by ACTA's Governing Board and the Los Angeles and Long Beach City Councils and Harbor Commissions.

ACTA sold the bonds at a 5.99 percent interest rate. Goldman Sachs and Public Financial Management handled the transaction. The insured bond issue has received an AAA rating and a stable outlook from Standard & Poor's, Fitch Ratings and Moody's. Ambac, which insures ACTA's bonds, has a financial strength rating of AAA.

"We really want to thank the Department of Transportation for believing in this project. DOT was one of our first partners in building the corridor," said Los Angeles Councilwoman Janice Hahn, co-chair of the ACTA Board. "By paying off this loan early, we will be saving millions of dollars, which will allow us to work on new projects that will relieve congestion throughout Los Angeles."

The rate on ACTA's 1999 Department of Transportation was 6.79 percent. Payoff of the loan and funding costs of issuance, underwriting, insurance and debt reserve account amounted to a par issuance of $686 million.

ACTA can sell the new bonds for two primary reasons: two years of operational performance that confirms revenue forecasts and a recent IRS ruling that confirms the tax-exempt eligibility of a portion of the project bonds.

"Interest rates remain near historically low levels, and ACTA wanted to refinance its debt and achieve the same types of savings homeowners have been tapping into for the last couple of years,'' said ACTA Chair Frank Colonna, Vice Mayor of Long Beach.

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