

The Missouri Transportation Finance Corporation (MTFC) is seeking financial institutions that have an interest in participating in the MTFC's loan guarantee program.

**Please respond by October 12, 2010** via email to: [todd.grosvenor@modot.mo.gov](mailto:todd.grosvenor@modot.mo.gov) or mail to: Missouri Transportation Finance Corporation, Attention: Todd Grosvenor, 105 W. Capitol Avenue, Jefferson City, MO 65101.

From this RFI, the MTFC will develop a list of financial institutions willing to provide a loan with a MTFC loan guarantee to potential borrowers. The list will be provided to borrowers, in the event the MTFC has no funds available to loan.

If you have questions, please call Todd Grosvenor at 573-751-4626.

# **MTFC Loan Guarantee - Request For Information**

## **Background**

The Missouri Transportation Finance Corporation (MTFC) is a state infrastructure bank. The authority to form and operate the MTFC is initially derived from the Transportation Equity Act for the 21st Century (TEA-21). The MTFC incorporated in August 1996, adopted bylaws and subsequently entered into a Cooperative Agreement (hereinafter "Cooperative Agreement") with the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), the Federal Railroad Administration (FRA), agencies of the United States Department of Transportation (USDOT) and the Missouri Highways and Transportation Commission (Commission). Under the authority granted initially by TEA-21, as amended by 23 U.S.C. 610, the Missouri Non Profit Corporation Act, Chapter 355, RSMo, and pursuant to the Cooperative Agreement, the Commission organized the MTFC to assist in financing transportation improvements.

The MTFC provides direct loans for transportation projects within the state of Missouri. Loans are funded from available MTFC resources. The MTFC assistance may be any type authorized by 23 U.S.C. 610. These direct loans must help assist the Commission to achieve continued economic, social and commercial growth of Missouri, act in the public interest, or promote the health, safety and general welfare of Missouri citizens.

The net asset balance of the MTFC as of July 31, 2010 was \$91.5 million. Over the last two years, the MTFC balance has been very close to being depleted. The MTFC wants to be prepared in the event it has no funds available to loan. The MTFC wants to continue to provide financing options to entities to prevent turning away good projects and financially secure borrowers. As of July 31, 2010, the MTFC has \$16.5 million available to loan.

## **Project Requirements**

The MTFC is seeking financial institutions that have an interest in participating in the MTFC's loan guarantee program. The loan guarantee program would be utilized in the event a borrower requests a loan from the MTFC and the MTFC has no funds available to loan. See the attached MTFC Loan Guarantee Process flowchart that explains the responsibilities of each party (the MTFC, the borrower and the financial institution).

Borrowers will select a financial institution. The financial institution can be one of their choosing. From this request for information, the MTFC will develop a list of financial institutions who are interested in participating in this type of transaction. This list will be provided to borrowers. The MTFC will guarantee the borrower's payments to the financial institution, which must equate to a lower interest rate for the borrower.

The MTFC loan guarantee would come into play in the event the borrower defaults on a loan payment. The MTFC would assume the payments, not payoff the outstanding

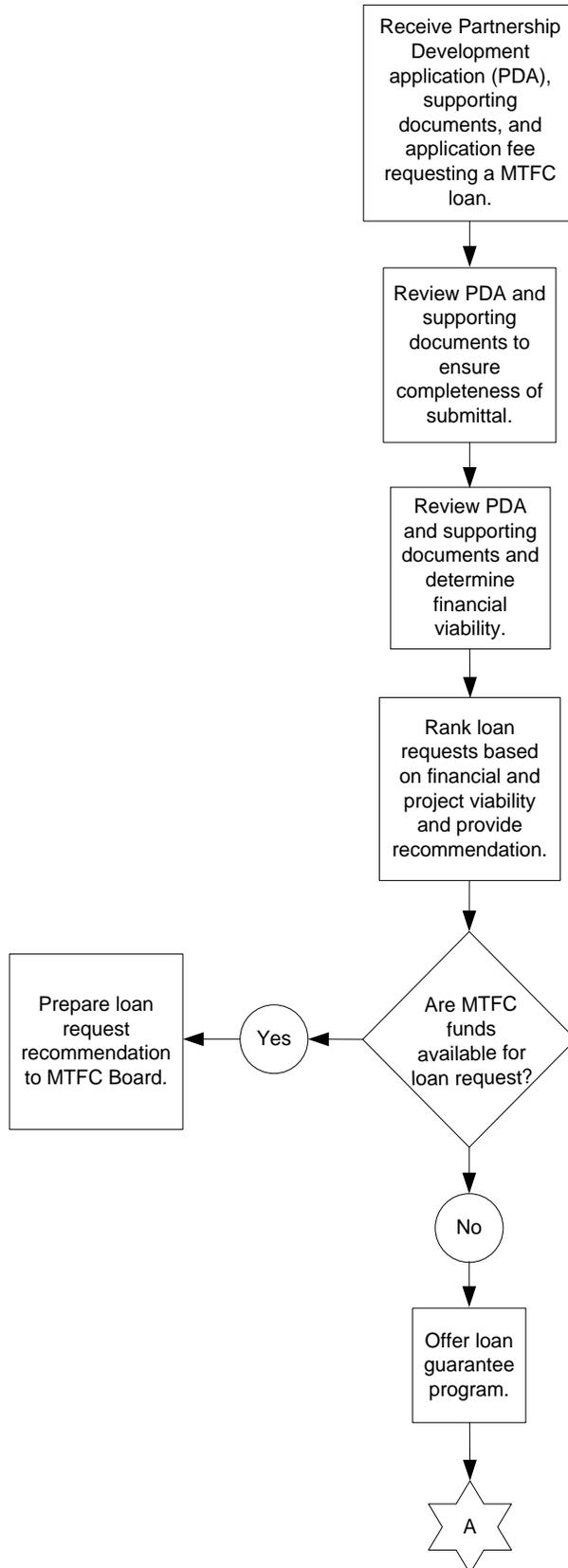
principal. Agreements will be executed by all parties as needed: the borrower, the financial institution and the MTFC. The MTFC will not be a co-borrower. All attorney fees will be covered by the borrower.

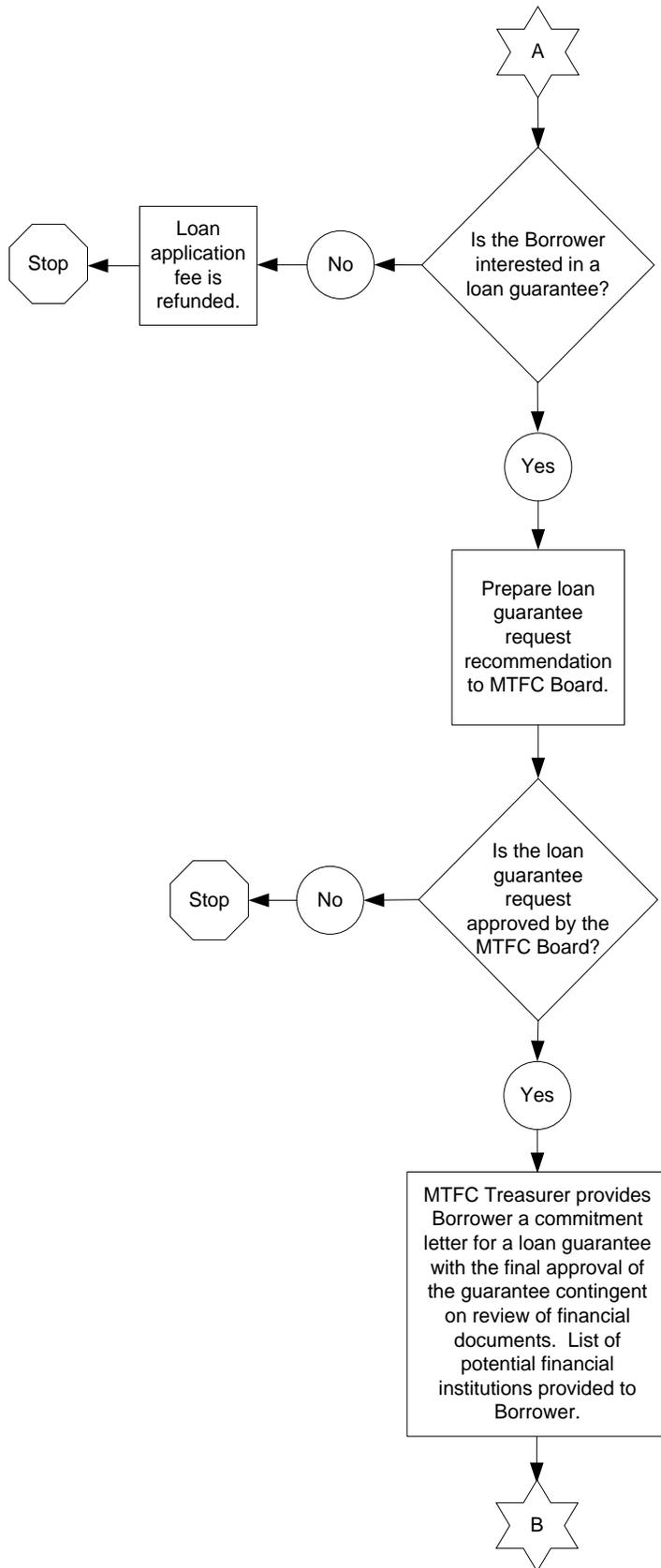
In order for the MTFC to compile a list of financial institutions for the borrower to select from, the MTFC is requesting any financial institution that is willing to participate in the MTFC Loan Guarantee program to answer the following questions.

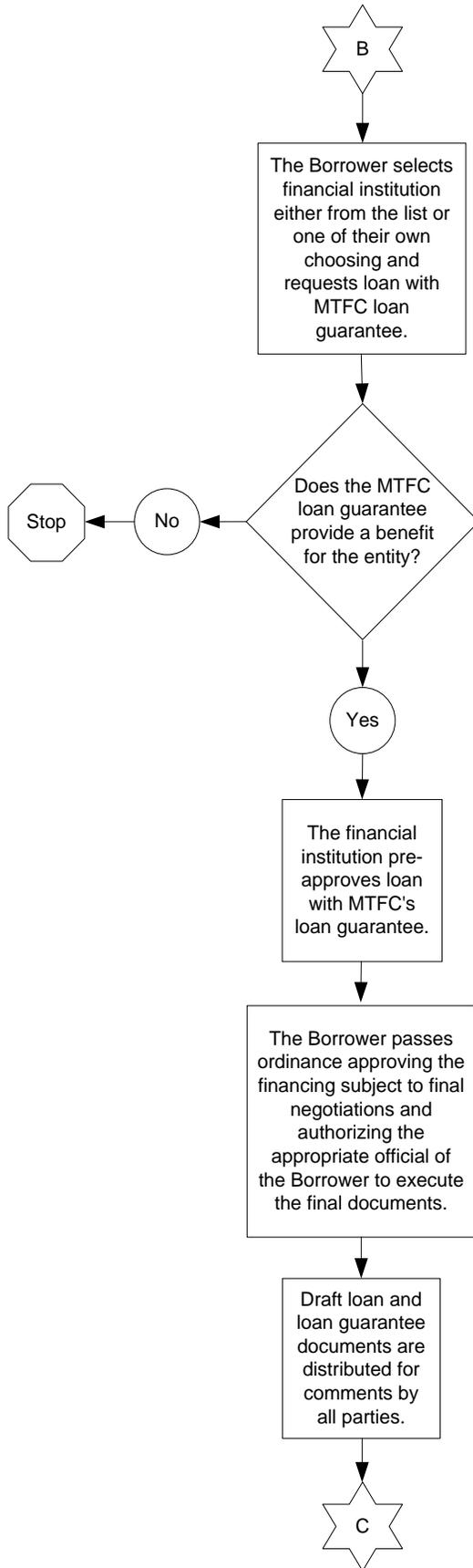
### **Information Requested**

1. Indicate if your financial institution is willing to participate in the MTFC Loan Guarantee program and how your participation will equate to a lower interest rate for the borrower?
2. What criteria will be used to establish the interest rate?
3. Will there be a requirement for the interest rate to be fixed and/or variable?
4. What loan term requirements will there be?
5. What credit rating score requirements will there be?
6. What minimum loan amount requirement will there be?
7. Will there be extra security/collateral requirements other than the MTFC loan guarantee? If yes, what security/collateral requirements will there be?
8. What fees or charges will be requested of the borrower?

# Loan Guarantee Process









Final loan documents between financial institution and Borrower and guarantee between financial institution, Borrower and MTFC are circulated for execution, final interest rate is locked and closing date confirmed.

At closing, all executed documents are received by the financial institution's legal counsel. The funding of the loan and any additional costs (i.e. legal fees, administrative/MTFC guarantee fee, etc.) will be sent to the appropriate entities.

Prepare loan guarantee program report for MTFC meetings.