From: Ben Porter [bporter@porter-inc.com]
Sent: Friday, August 28, 2009 5:32 PM
To: Ryan, James (FTA)
Subject: Re: additional questions regarding Honolulu HCT financial plan

No problem. I'll do it right after I finish the financial assessment report.

Ben

On Aug 28, 2009, at 2:20 PM, <James.Ryan@dot.gov> <James.Ryan@dot.gov>
wrote:

> Ben:
>
> We're good for now -- looking forward to seeing your report next week.
>
> Here's a question that came up during our status meeting: given the
> City's intention to request entry to final design in a few months (FTA
> has reviewed an administrative draft of the FEIS and they've been
> doing PE locally for much of the past year), can you flag anything
> that's OK for PE entry but that may cause problems against the higher
> standards for entry into final design? I haven't compared the two
> sets of requirement in a long time and don't recall what higher
> standards we have beyond the 50-percent commitment of funds needed for
> a medium rating. So I'm not sure that you can do this casually as
> part of the PE-entry review. Please let me know.
>
> Jim
>
> -----Original Message-----
> From: Ben Porter [mailto:bporter@porter-inc.com]
> Sent: Friday, August 28, 2009 3:22 PM
> To: Ryan, James (FTA)
> Subject: Re: additional questions regarding Honolulu HCT financial
> plan
>
> Yes, that is my guess, but there is one potential sticking point. I
> think the main point of interpretation will be whether to assign a
> Medium-Low or Low rating to the capital financial capacity/planning
> assumptions subfactor. To get a Medium-Low rating, they would need to
> access another $535 million (10% of Project costs). I am assessing
> this risk but haven't come to a conclusion. It is a potential
> problem. Let me know if you need more information at this point and I
> will tell you what I am considering.
>
> Ben
>
>
>
>
> On Aug 28, 2009, at 11:54 AM, <James.Ryan@dot.gov>
> <James.Ryan@dot.gov> wrote:
>
>> Thanks, Ben. Are you still guessing that "medium, with concerns" is
>> the likely rating outcome?
>>
>> _____
>>
>> From: Ben Porter [mailto:bporter@porter-inc.com]
>> Sent: Fri 8/28/2009 2:46 PM
>> To: Ryan, James (FTA)
>> Subject: Re: additional questions regarding Honolulu HCT financial
>> plan
>>
>>
>> I think you've characterized it correctly, except that I still plan
>> to submit a draft assessment on 9/1 (Tues.). If I get their
>> responses by then, I'll incorporate them. If they come later, I'll
>> modify the draft. Most probably, their responses will affect some of

>> the details presented in the assessment, but are not likely to affect
>> the rating.
>>
>> best regards,
>> Ben
>>
>>
>>
>>
>> On Aug 28, 2009, at 11:37 AM, <James.Ryan@dot.gov> wrote:
>>
>>
>> Ben:
>>
>> We have another status update this afternoon and I'm sure I'll
> be
>> asked about progress and completion of the financial review. I
>> haven't seen a reply to the questions you posed to Toru; so you
>> probably haven't either. I'm planning to say that the ball is in the
>> City's court and that your completion of the review depends on when
>> they get back to you and what they have to say. Do you have any
>> revisions to that characterization?
>>
>> Thanks.
>> Jim
>>
>> _____
>>
>> From: Ben Porter [mailto:bporter@porter-inc.com]
>> Sent: Wed 8/26/2009 4:15 PM
>> To: Toru Hamayasu
>> Cc: Mark Scheibe; Ryan, James (FTA); Donna McCoy, CPA
>> Subject: additional questions regarding Honolulu HCT financial
> plan
>>
>>
>> Dear Mr. Hamayasu:
>>
>> I appreciate the County's quick response to my questions that
> were
>> e-mailed on 8/18.
>>
>> I have a few additional questions, listed below, to which I
> would
>> appreciate your prompt attention.
>>
>>
>> 1. Regarding the HCT GET surcharge revenue forecast, the
> financial
>> plan text states that the current forecast is consistent with that of
>> the Council on Revenues (COR). However, when I reviewed both the
>> March forecast and August forecast of the COR, their year-to-year
>> growth rates in state-level GET revenues are consistently lower than
>> I calculate from the HCT GET surcharge forecast included in your
>> August 2009 financial plan submittal. The table below shows a
>> comparison of the most recent HCT and COR forecasts for fiscal years
>> 2010-2015. From an examination of State and Honolulu County
>> historical revenues, I find that the State and Honolulu GET revenues
>> are highly correlated, so I would expect that the HCT GET revenue
>> forecast would more closely match the COR forecast, if in fact they
>> are consistent. Would you please explain how the HCT GET surcharge
>> forecast is "consistent" with the COR forecast, and also why the
>> annual growth rates are different?
>>
>>
>>
>>
>>
>> 2. The plan states that Phase 1 of the Project will be 100% locally

>> funded. Please provide annual capital costs, net of financing, for
>> Phase 1. Do you intend that Phase 1 not be part of the FFGA? If
>> Phase 1 is part of the FFGA, then on what basis would Section 5309
>> New Starts funds be applied to it?
>>
>> 3. Are the bonds to be issued for the Project general
> obligation
>> bonds or "self-supporting" bonds? If the latter, can you provide an
>> example of similar bonds issued by Honolulu that did not require a
>> debt service reserve or a minimum debt service coverage ratio for the
>> issuance of additional bonds? Do you anticipate the HCT GET
>> surcharge revenues to be pledged as a credit for the bonds?
>>
>> 4. The plan assumes $500 million in short-term financing. What
>
>> kind of approval is required? How is this debt to be secured? If it
>> is to be secured by the HCT GET surcharge, is it to be subordinate to
>> the other debt to be issued for the Project?
>>
>> 5. The plan assumes that 33% of bus and HandiVan capital costs
>
>> will be funded from Section 5309 Bus grants. What is the basis for
>> this assumption?
>>
>> 6. Please provide the annual revenue vehicle hours to be
> operated
>> on the fixed guideway system.
>>
>>
>> Thank you for your consideration. Please feel free to call me
> if
>> you have any questions.
>>
>>
>> best regards,
>> Ben Porter
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>>
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>> office 206.632.1660
>> mobile 206.349.4417
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