Cheating death: Miami Access Tunnel

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WHAT WE SAID THEN: "The most tangled PPP procurement process in the US, a market that has produced more tangled PPP procurements than most."

The financing for the Port of Miami tunnel endured as many barely believable plot twists as your average Dan Brown novel.

It finally reached financial close in 2009, having seemed dead in the water less than a year beforehand.

The tunnel financing was meant to be the first availability payment-based deal in the US, and the first PPP deal in Florida. The demise of Babcock & Brown put paid to that, allowing ACS' I-595 financing to beat it to both.

The Florida Department of Transportation (FDOT) first touted the project at an industry meeting in Miami in December 2005. By November 2006 it had shortlisted all three groups which had expressed an interest.

A JV between ABN Amro and Bouygues was one of the shortlisted groups, forming the Miami Access Tunnel, though significantly, Babcock & Brown had taken over ABN's North American infrastructure group by the time the bids were submitted in March 2007.

Miami Access Tunnel was named preferred bidder in May and lined up a financing structure which used private activity bonds rather than TIFIA debt, with Lehman Brother providing an underwritten commitment for a wrapped bond. Financial close was all set for the end of 2007.

The start of the financial crisis later that year made the sponsors change their plans, giving the sudden fragility of monoline insurers. Trying to make an unwrapped deal work within the confines of a $33.6 million annual availability payment, all options were considered.

Fluctuating input costs throughout 2008 created addition uncertainty, but by July of that year the sponsors had applied for a TIFIA loan and were planning to launch a bond issuance in September. Then Lehman Brothers collapsed, which meant the project's underwriter and hopes of stable bank debt pricing were gone.

When then Babcock & Brown started its final journey to oblivion, the sponsor group began to fall apart.

However several Babcock & Brown employees migrated to French fund Meridiam, and sought to take over the deal. FDOT initially disapproved of the equity swap and announced in December 2008 it was pulling the plug on the project, only to reverse this decision the following year. It toyed with re-bidding the concession, but eventually allowed Meridiam and Bouygues to proceed.

Commercial close was met in June 2009, with financial close in October.

The financing broke down into a $322 million five-year loan from 10 banks priced at 300bp, and swapped to a fixed rate of 6.63% repaid entirely from milestone ($100 million) and final acceptance ($350 million) payments from FDOT, and a six-year loan of $22 million, repaid from the first year's availability payments. Alongside the commercial bank debt was a $341.5 million 35-year TIFIA loan priced at 4.31% (on 15 October), repaid from availability payments, with a grace period on interest until 2016, and on principal until 2033, and $40 million in capitalised TIFIA interest.

A last-minute scare involved the City of Miami initially balking at the required terms of a $50 million letter of credit backing its contribution to the concession's availability payments. The City insisted on voting on the LOC which, although approved, pushed back financial close by a couple of weeks.

The tunnel finally opened to traffic in August 2014, with Bouygues suffering heavy fines as a result of the project missing its original June opening date. The development continued to attract criticism as a waste of money and an extravagance during its construction, but some projects just don't die, whatever you throw at them.

Miami Access Tunnel

Financial close: 15 October

Size: $1.062 billion

Description: 35-year DBFO concession to build a 1.2km tunnel and associated access roads between Watson Island and Miami's port at Dodge Island.

Sponsors: Meridiam (90%), Bouygues (10%)

Equity: $80 million

Debt: $322 million in five-year commercial bank debt, $22 million six-year loan and $341 million 35-year TIFIA loan, $40 million in capitalized TIFIA interest

Lead arrangers: BBVA (documentation agent), BNP Paribas (administrative agent), Calyon, Dexia Credit Local, ING, RBS, Santander, Societe Generale, UniCredit and WestLB

Sponsor advisers: Davies Ward Phillips & Vineberg (legal – transaction), Greenberg Traurig (legal – Florida), Macquarie (financial – bank debt), Barclays Capital (financial – bond option), Arup (engineer), Willis (insurance)

Banks' legal advisers: Milbank Tweed; Rogers Towers

TIFIA advisers: Hawkins, Delafield & Wood (legal), Scully Capital (financial)

FDOT advisers: Jeffrey Parker & Associates (financial) Nossaman (legal), Parsons Brinckerhoff and TY Lin (technical) and Marsh (insurance)