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**UNITED STATES  
DEPARTMENT OF TRANSPORTATION**

**APPLICATION FOR FEDERAL CREDIT ASSISTANCE  
Transportation Infrastructure Finance and Innovation Act (TIFIA)**

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**Background:** This form is to be completed by eligible applicants for Federal credit assistance under the Transportation Infrastructure Finance and Innovation Act (TIFIA), as amended. The TIFIA statute is codified under 23 U.S.C. 601-609. The U.S. Department of Transportation (DOT) will use the collected information to evaluate and select recipients for credit assistance as authorized under TIFIA. Applicants may be asked to provide additional supporting evidence or to quantify details during the review and negotiating process. If any information submitted, or requested to be submitted, changes after the application is submitted, the applicant will update its application.

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**Charge:** A non-refundable \$30,000 application fee must be paid to the DOT concurrent with submission of this application. Checks should be made payable to the Federal Highway Administration.

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**Format:** Applications must provide all requested information and will not be reviewed if incomplete. Applications should be provided in three-hole punch binders with sections and tabs following the sequence shown in the application checklist appearing on the next page of this application form.

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**Submission:** The Executive Summary must be submitted electronically, concurrently with submission of the hard copy included in this application form. The completed application (including a computer diskette (CD) containing electronic versions of the entire application as well as separate files for Section D and Exhibit VII – *but NOT in PDF or “values” format*) should be sent to the attention of Mr. Duane Callender, TIFIA Joint Program Office, Federal Highway Administration, HCFT-1, Room 4310, 400 Seventh Street, SW, Washington, DC, 20590. The application checklist appearing on the next page of this application form specifies the number of copies (plus original) required for each section.

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**Selection:** DOT’s selection of a project for participation in the TIFIA program does not imply that the DOT has approved all elements proposed in the application. For example, the DOT may require changes in the project’s financial plan proposed in the application. Provision of credit assistance is subject to negotiation of a credit agreement on terms and conditions satisfactory in all respects to the DOT.

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**Information Requests:** If an applicant desires that any information submitted in its application or any supplement thereto not be released by the DOT upon request from a member of the public or otherwise made publicly available, the applicant must so state and set forth any reasons why such information is confidential and should not be released, including particulars as to any competitive harm which would potentially result from the release of such information. The DOT will keep such information confidential to the extent permitted by law.

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**Warning:** It is a crime to knowingly make false statements to a Federal agency. Penalties upon conviction can include a fine and imprisonment. For details, see 18 U.S.C. 1001. Misrepresentation of material facts may also be the basis for denial of financial assistance by the U.S. Department of Transportation.

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## APPLICATION CHECKLIST

An application must include the following items.

| Item  | Page Limit | Copies (Plus Original)                        |
|---|------------|---|
| <b>Executive Summary</b>  | 10         | Submit electronically & with application – 20 |
| <b>Section A: Contact Information</b>   | 1          | 20  |
| <b>Section B: Project Information</b><br>___1. Project Name<br>___2. Location<br>___3. Project Cost and TIFIA Credit Assistance Request<br>___4. Project Description<br>___5. Project Schedule<br>___6. Permits and Approvals<br>___7. Project Management and Compliance Monitoring Plan<br>___8. Maintenance and Operations  | 8          | 20  |
| <b>Section C: Satisfaction of Selection Criteria</b><br>___1. National/Regional Significance<br>___2. Creditworthiness<br>___3. Private Participation<br>___4. Project Acceleration<br>___5. Use of Technologies<br>___6. Consumption of Budget Authority<br>___7. Environmental Benefits<br>___8. Reduced Federal Grant Assistance   | 15         | 20  |
| <b>Section D: Financial Plan (include executable electronic – NOT PDF – files)</b><br>___1. Estimated Project Cost<br>___2. Summary Table: Sources and Uses of Funds<br>___3. Cash Flow Pro Forma<br>___4. Supplementary Narrative: Other Borrowed Funds<br>___5. Supplementary Narrative: Revenue Sources<br>___6. Proposed Terms for the Requested TIFIA Credit Instrument<br>___7. Risks and Mitigation Strategies | 17         | 20  |
| <b>Section E: Applicant's Organizational Structure</b><br>___1. Background Information and Legal Authority<br>___2. Organization and Management<br>___3. Prior Experience<br>___4. Financial Condition<br>___5. Litigation and/or Conflicts   | 6          | 20  |
| <b>Section F: Certifications</b>  | 3          | 20  |
| ___ <b>Exhibit I:</b> Project Map   |            | 20  |
| ___ <b>Exhibit II:</b> Supporting Documentation: Regional /National Significance [to be provided by Developer]  |            | 20  |
| ___ <b>Exhibit III:</b> Preliminary Rating Opinion Letter(s)  |            | 20  |
| ___ <b>Exhibit IV:</b> Supporting Documentation: Financing Documents [to be provided]   |            | *   |
| ___ <b>Exhibit V:</b> Supporting Documentation: Public-Private Partnerships   |            | 20  |
| ___ <b>Exhibit VI:</b> Supporting Documentation: Other Anticipated Funds [to be provided]   |            | 20  |
| ___ <b>Exhibit VII:</b> Cash Flow Pro Forma (include electronic files)  |            | 20  |
| ___ <b>Exhibit VIII:</b> Supporting Documentation: Revenue and Cost Projections   |            | 20  |
| ___ <b>Exhibit IX:</b> Proposed Terms for the Requested TIFIA Credit Instrument   |            | 20  |
| ___ <b>Exhibit X:</b> Supporting Documentation: Legal Authority   |            | *   |
| ___ <b>Exhibit XI:</b> Organizational Chart [to be provided by Developer]   |            | 20  |
| ___ <b>Exhibit XII:</b> Audited Financial Statements (Three Years)  |            | *   |
| ___ <b>Other:</b> Non-refundable \$30,000 Application Fee [by wire transfer]  |            |   |

\* Applicants should check with the TIFIA JPO about whether, depending on the volume of these documents, fewer than 20 copies might be required.



## *Application – Executive Summary*

This section requests narrative information similar to that requested in the Letter of Interest, but it should not be a restatement of the initial submission – it must provide updated information. Total narrative for this section should not exceed 10 pages, excluding any exhibits. Applicants must prepare an Executive Summary using the following format provided below. This Executive Summary must be submitted electronically concurrently with submission of the paper copies of the application submission package. If you have any questions about completing this form, please contact Duane Callender at (202) 366-9644. Please complete all applicable information and attach this via email to [TIFIAcredit@dot.gov](mailto:TIFIAcredit@dot.gov).

**A) General. Summarize the highlights of your project and the team, explaining key reasons this application should be selected for TIFIA credit assistance.**

*Developer Team:* Texas Department of Transportation (“TxDOT”) intends to award a concession comprehensive development agreement (“concession CDA”) for the design, construction, financing, operation and maintenance of Segment 1 and potentially all or a portion of Segment 2 (“Concession Facility”) of the North Tarrant Express Project (the “Project”) to a private developer following the receipt and evaluation of proposals. Those portions of Segments 2 and Segment 3A, 3B, 3C, and 4 of the Project that are not ultimately included in the concession CDA will be in a preliminary design phase. TxDOT intends to select a single developer for both the development, design, construction, financing, operation, and maintenance of the Concession Facility through a concession CDA, and working as a partner with TxDOT through a second comprehensive development agreement (“second CDA”) to analyze, identify, and create development plans for the remaining Segments. In turn, TxDOT will provide the developer with a limited right of first negotiation for development, design, construction, financing, operation, and maintenance of those portions of the Project not included in the concession CDA through the second CDA. The chosen developer will be one of the proposer teams that have submitted their qualifications and been invited to submit proposals (the “shortlisted teams”). In the request for proposals, proposers will be required to describe, among other matters, the legal and financial structure of the developer entity. During the first phase of the procurement process, TxDOT has assessed and confirmed the adequacy of the experience of the shortlisted consortia members in developing projects similar to the Project.

*Project Description:* The Project consists of improvement and expansion of six distinct segments along more than 36 miles of IH 820, IH 35W, and SH-183 in North Tarrant County, in the vicinity of Fort Worth, TX. This TIFIA application relates to the Concession Facility only. The Project will include reconstruction and new construction of general purpose lanes, construction of managed toll lanes, reconstruction and new construction of frontage roads, installation of necessary tolling infrastructure, establishment of tolling operations and maintenance and operation for all of the above. The use of TIFIA financing on the Concession Facility of this Project will permit Concession Facility completion at least six years before this would otherwise occur. In addition, the use of TIFIA financing will free between \$60,000,000 and \$510,000,000 in public funds to be used for other purposes. TxDOT or the developer may file a separate letter of interest and credit application for one or more of the second CDA Segments as the plans for development and financing of these Segments become material.

The completion of the Project will provide considerable congestion relief in North Tarrant County, which is one of the more rapidly growing areas in the Dallas-Fort Worth region. The U.S. Census Bureau reported that the population of Tarrant County was 1,446,219 in the year 2000. The North Central Texas Council of Governments estimates that this population will grow to 2,291,700 by the year 2030. This rapid projected growth is expected to increase average daily traffic volumes along IH 820 (Segment 1) to 214,000 vehicles per day in the year 2010, and to 321,000 vehicles per day by the year 2030.



## *Application – Executive Summary*

***B) Project Description. Describe the project, including its location, purpose, design features, estimated capital cost, and development schedule. Ensure that the description provides a reasonable level of detail on distinct project elements; derivation of capital costs; functional descriptions relevant to TIFIA financing; right of way acquisitions progress; potential public support; status of permits and approvals including filing dates and anticipated approvals; development plan, alternatives considered (for EIS), status and risks; number of contracts for each project element; parties to each contract. Is the project on the State Transportation Plan or the metropolitan plan, as applicable?***

### *Location and Scope of the Project.*

The Project consists of the improvement and expansion of six distinct segments along more than 36 miles of IH 820, IH 35W, and SH-183 in North Tarrant County, in the vicinity of Fort Worth, TX. As noted above, this TIFIA application relates to the Concession Facility only, which will likely include only Segment 1, as described below. As such, information in this application which addresses financial viability only discusses Segment 1. The Project will include reconstruction and new construction of general purpose lanes, construction of managed toll lanes, reconstruction and new construction of frontage roads, installation of necessary tolling infrastructure, establishment of tolling operations and maintenance and operation for all of the above. Municipalities located adjacent to the corridor include the Cities of Fort Worth, North Richland Hills, Richland Hills, Hurst, Bedford, Euless and Haltom City. See the Project Map in [Exhibit I](#).

The Project will provide the needed capacity to accommodate future growth, upgrade the existing facilities to current standards and provide alternative transportation modes by proposing Managed/Toll Lanes systems along the corridors. The Project includes proposed improvements for the interchanges along the corridors of IH 820, IH 35W, and SH-183 as noted in discussion of the six segments below:

- a. Segment 1 consists of 6.4 miles of highway improvements along the IH 820 corridor from west of Mark IV Parkway (including the IH 820/IH 35W interchange) east to the IH 820 interchange with SH-121/SH-183, and 1.8 miles of highway improvements along the IH-35W corridor from approximately 3800' south of the interchange with IH 820 to approximately 5600' north of the interchange with IH 820. The existing configuration generally consists of 2 general purpose lanes in each direction. The Project will expand this to 3 general purpose lanes and 2 managed toll lanes in each direction, more than doubling the road's capacity.
- b. Segment 2 consists of 11.3 miles of highway improvements along the SH-183 corridor from the Segment 1 limit of work at the interchange with IH 820 east to the interchange with SH-161. The existing configuration generally consists of 3 general purpose lanes in each direction. The Project will expand this to 3 general purpose and 3 managed toll lanes in each direction, more than doubling the road's capacity.
- c. Segment 3A consists of 5.6 miles of highway improvements along the IH 35W corridor from the Segment 1 limit of work south of the interchange with IH 820 south to the interchange with IH 30. The existing configuration generally consists of 2-3 general purpose lanes in each direction and the Project will expand this to 4 general purpose lanes and 2 managed toll lanes in each direction, more than doubling the road's capacity.
- d. Segment 3B consists of 3.3 miles of highway improvements along the IH 35W corridor from the Segment 1 limit north of the interchange with IH 820 north to the interchange with US 81/US 287. The existing configuration generally consists of 2 general purpose lanes in each direction. The Project will expand this to 4 general purpose lanes and 2-3 managed toll lanes in each direction, tripling the road's capacity.
- e. Segment 3C consists of 5 miles of highway improvements along the IH 35W corridor from the Segment 3B limit of work north of the interchange with US 81/US 287 north to the interchange with SH-170. The existing configuration generally consists of 2 general purpose lanes in each direction. The Project will expand this to 3 general purpose lanes and 2 managed toll lanes in each direction.
- f. Segment 4 consists of 3.7 miles of the IH 820 corridor from the Segment 1 limit of work at the northeast



## Application – Executive Summary

interchange with SH-121/SH-183 south to the interchange with Randol Mill Road, immediately north of the IH 820/IH 30 interchange. The existing configuration generally consists of 2-4 lanes in each direction, and the Project will expand this to 5 general purpose lanes and 1 managed toll lane in each direction.

**Project Schedule.** Segment 1 of the Project is expected to receive environmental clearance near June 2008. Segment 2 is expected to receive environmental clearance near July 2008. Segments 3A, 3B, and 3C are expected to receive clearance in late 2008. A Finding of No Significant Impact (FONSI) has been issued for Segment 4 based on the previous roadway schematic using reversible lanes instead of managed toll lanes. TxDOT expects to start environmental reevaluation of Segment 4 as a tolled facility subsequent to concession CDA execution. TxDOT anticipates award of the concession CDA and second CDA, completion of negotiations and financial close by fall 2008, with construction to begin as early as 6 month after close. Construction of the Concession Facility is estimated to be complete and the facility to be fully functional by late 2013. Pursuant to the second CDA, during the initial 12 month period following close of finance, the selected Developer and TxDOT will create a master development plan including a master financial plan and schedule for developing the remaining Segments. Each of these Segments will be financed and developed in accordance with the master development plan. Again, this application relates to the Concession Facility only.

**Capital Costs.** The capital costs to acquire right-of-way and construct Segment 1 have been estimated to be approximately \$788,515,000. These costs are summarized as follows:

| <b>CAPITAL COSTS</b>                  | <b>US\$<br/>nominal<br/>(000s)</b> |
|---------------------------------------|------------------------------------|
| Ultimate Configuration Design         | \$55,203                           |
| ROW (temp const easements)/Permits    | \$44,292                           |
| Utility relocations                   | \$22,152                           |
| QA/QC                                 | \$74,729                           |
| Public information program            | \$1,155                            |
| Insurance/bond costs                  | \$0                                |
| <b>Construction Costs</b>             |                                    |
| Mobilization Costs                    | \$53,233                           |
| Construction Costs – Roadway/Drainage | \$219,227                          |
| Construction Costs – Bridges          | \$182,317                          |
| Construction Costs – Traffic/ITS      | \$70,601                           |
| Systemwide                            | \$12,270                           |
| Contingencies                         | \$53,335                           |
| <b>TOTAL</b>                          | <b>\$788,515</b>                   |

**Comprehensive Development Agreement** Best described as a “hybrid” project, the Project consists of two distinct elements. The Concession Facility is ready for immediate development through a concession and it is the subject of this application for TIFIA credit assistance, while the remaining Segments are in a preliminary design phase. The scope of the Concession Facility will be determined through the best value proposal. TxDOT intends to select a single developer for both the development, design, construction, financing, operation, and maintenance of the Concession Facility through a concession CDA, and working as a partner with TxDOT through a second CDA to analyze, identify, and create development plans for the remaining Segments of the Project. In turn, TxDOT will provide the developer with a limited right of first negotiation for development, design, construction, financing, operation, and maintenance of the remaining Segments of the Project through the second CDA. TxDOT or the Developer may file a separate TIFIA credit application for one or more of the second CDA Segments as the plans for development and financing of these Segments become mature.



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**Right of Way Acquisition**— The Project will require acquisition of significant amounts of new right-of-way. TxDOT anticipates that the Developer will be responsible for the costs of acquiring all new right-of-way and will be responsible for providing right-of-way acquisition services in connection with the acquisition of any such parcels. TxDOT shall assist the Developer in the necessary acquisition of right-of-way, at the Developer's expense.

**Utility Relocation** – TxDOT will provide and/or make available to the Developers the Subsurface Utility Engineering information and studies available along the corridors. Verifying the completeness and the accuracy of this information and studies will be the responsibility of the Developer. TxDOT or the Developer will be responsible for adjusting affected utilities to accommodate the ultimate configuration of Segments 1, 2, 3A, 3B, 3C and/or 4 as the plans for development and financing of these Segments become mature.

The proposed roadway improvements, including the managed lanes, have been incorporated within the most recent Metropolitan Transportation Plan developed for the Dallas-Fort Worth region (“*Mobility 2030*”). The recommendations contained within *Mobility 2030* received a favorable air quality conformity determination by the U.S. Department of Transportation in June 2007.

**C) Project Participants.** *Describe the overall organizational structure for the project? Please explain the relationship between the applicant and the borrower, if they are not the same entities? Who are the members of the project team? Please also provide sufficient detail regarding the legal structure of the project sponsor and borrower, if not the same entity, including partnership and ownership structure; project sponsor and team members' experience; project sponsor's track record of completing projects; conflicts of interest; project team members, including financial advisors and underwriters, the engineering team, legal team, and other consultants; affiliations of project team members, including other entities owning or controlling project sponsors or team members; private/public partnership; partners' incentives; risk management decision making process; identification of project team staff; likely stakeholders; and corporate guarantees of credit support.*

### Name of Applicant/Borrower

The Developer to be selected as part of the CDA process has yet to be determined. TxDOT, and the Texas Transportation Commission as TXDOT's governing body, will be the initial applicant. The four shortlisted proposer teams are listed in Exhibit V.

### Organizational Structure

Each of the four shortlisted proposer teams is well qualified to perform the remaining design, construction, operation and maintenance of the facility. Each of these teams will be required to provide information regarding their respective organizational structures in connection with their responses to the request for proposal. What follows is a description of the TxDOT and the Texas Transportation Commission.

#### *The Commission*

The Texas Transportation Commission (Commission) began in 1917 as the “State Highway Commission”. The State Highway Commission was created by the Texas Legislature for the purpose of adopting and implementing a comprehensive system of state highways and promoting the construction of a state highway system by cooperation with counties or independently. In 1975, the Legislature changed the name of the commission to the “State Highway and Public Transportation Commission”. In 1991, the Legislature changed the commission's name to the current name. The Commission is the governing body of the TxDOT and is composed of five commissioners appointed by the Governor of the State of Texas with the advice and consent of the State Senate. Commissioners serve staggered six-year terms. One member is designated by the Governor as the Chair and serves as the chief executive officer of the Commission.

*TxDOT*



## *Application – Executive Summary*

TxDOT is a state agency created in 1917 as the “Texas Highway Department” by act of the Texas Legislature to administer federal funds for highway construction and maintenance. In 1975, the Legislature merged the Texas Highway Department with the Texas Mass Transportation Commission to form the State Department of Highways and Public Transportation. In 1991 the Legislature combined the State Department of Highways and Public Transportation, the Department of Aviation, and the Texas Motor Vehicle Commission to create TxDOT. TxDOT is headquartered in Austin, Texas, with 25 district offices and 27 divisions/offices located throughout Texas. Each district is responsible for the planning, design, construction, maintenance, and operation of its area's transportation systems. TxDOT is managed by an Executive Director, who is subject to and under the direction of the Commission.

### *Authority and Duties*

The general enabling law for the Commission and TxDOT is found in Chapter 201, Texas Transportation Code. The Commission is responsible for planning and making policies for the location, construction, and maintenance of a comprehensive system of state highways and public roads (Sec. 201.103). Among other varied duties, TxDOT is charged with developing and maintaining a statewide multimodal transportation network (Sec. 201.601).

TxDOT and the Commission have broad statutory authority relating to the planning and development of toll projects (Subchapter E, Chapter 223, and Chapter 228, Transportation Code), including the issuance of toll revenue bonds (Sec. 228.102), holding the proceeds of toll revenue bonds and revenue pledged to the payment of toll revenue bonds in trust outside the state treasury (Sec. 228.113), imposition of tolls (Sec. 228.053), enforcement of the payment of tolls (Sec. 228.054- 228.058), and receiving and pledging revenues from other sources (Secs. 201.206, 228.0055, 228.006, 228.104, 228.105, and 228.113). TxDOT has statutory authorization to enter into innovative agreements for the development of toll projects with public entities (Sec. 228.002), governmental entities including other states, the federal government, and the United Mexican States or a state of the United Mexican States (Sec. 228.003), and private entities (Subchapter E, Chapter 223). Subchapter E of Chapter 223 (Secs. 223.201-223.210) grants TxDOT authority in negotiating and entering into comprehensive development agreements to design, develop, finance, construct, maintain, repair, operate, extend, or expand certain highway projects.

Sec. 49-k, Article 3, of the Texas Constitution and Subchapter M, Chapter 201, Transportation Code, provide that money in the Texas Mobility Fund, a revolving fund constitutionally created to provide a method of financing the construction, reconstruction, acquisition, and expansion of state highways, may be used to provide participation by the state in the payment of part of the costs of constructing and providing publicly owned toll roads.

### *Submission Approval*

The submission of this application is not subject to the approval of any other entity. The Texas Transportation Commission approves TxDOT's budget each year. Except for toll revenue bonds issued to pay the cost of toll projects, the obligations of the Commission and TxDOT are subject to legislative appropriation. Neither the adoption of TxDOT's budget nor the expenditure of funds is subject to the approval of any other governmental entity.

Project Website or Applicant/Borrower Website:

[http://www.dot.state.tx.us/local\\_information/fort\\_worth\\_district/north\\_tarrant\\_express/default.htm](http://www.dot.state.tx.us/local_information/fort_worth_district/north_tarrant_express/default.htm)

The TxDOT website is <http://www.dot.state.tx.us/>



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**D) Proposed Financing.** Please provide an overview and explanation of the proposed overall project financial plan, including the proposed sources and uses of project funds, types and amounts of credit assistance requested, and any collateral/security pledge, status of revenue feasibility studies and revenue projections. Additionally, outline the types of credit assistance requested; specifics on what the TIFIA credit assistance will be used to finance; risks/impact on TIFIA payback of reductions in projections; step-in rights afforded to lenders/liens on existing financing; development costs; estimated construction budget and timeline; elements of cash flow; difficulty of construction or operation; role of private companies; whether or not debt/credit is bankruptcy remote; and other important information relevant to the project financial plan.

Replace and Insert Text Here (boxes will expand if filled out on computer)

An indicative summary of the sources and uses of funds is shown in the table below.

| Sources and Uses of Funds - US\$ nominal (000s) |                               |         |
|---|-------------------------------|---------|
| Preliminary – Subject to change                 |                               |         |
| Sources of Funds                                | Public Funds                  | 711,634 |
|   | Equity                        | 27,100  |
|   | TIFIA Financing               | 58,596  |
|   | TIFIA accrued interest        | 4,636   |
|   | Interest Income               |         |
|   | Total Sources of Funds        | 801,966 |
| Uses of Funds                                   | Construction Costs            | 788,515 |
|   | Transfers to Reserves         | 4,547   |
|   | Capitalized Interest and Fees | 8,905   |
|   | Total Uses of Funds           | 801,966 |

Type of Credit Assistance: TIFIA Loan.

Amount: \$58,596,000.

Description of Revenue Source(s) Pledged to Repayment:

The finance plan for the Project is likely to be structured as a typical project financing whereby the cash flows generated under the concession to operate the toll road will secure the senior lien obligations and provide a return for the private sector equity investment. The Project may also have public sector financial support, in an amount up to \$726,000,000. TxDOT's preliminary financial analysis is based on application of a Level 2 traffic and revenue study.



## ***Application – Executive Summary***

- E) Environmental Review.** Summarize the status of the project's environmental review. Specifically, discuss whether the project has received a Categorical Exclusion, Finding of No Significant Impact, or Record of Decision, or at a minimum, whether a draft Environmental Impact Statement has been circulated. Please also discuss in detail project timelines for regulatory approvals; the most current NEPA status or state/local review; what issues/risks have been identified; any existing or threatened legislation/regulation or legal litigation; current administrative or court proceedings underway; and the status of any appeals.

Segment 1 of the Project is expected to receive the FONSI in June 2008. Segment 2 of the Project is expected to receive a FONSI near July 2008. The Concession Facility will include, at a minimum, Segment 1 and may also include all or a portion of Segment 2. The Developer will be responsible for determining the need for and subsequent application for any additional permits required for construction of the Project.

- F) Other Legal/Regulatory Ramifications.** Briefly discuss any other issues that may affect the development and financing of the project, such as pending legislation or litigation.

[Add information if necessary]

- G) Please discuss any other relevant issues that could impact the success of this project.**

[Add information if necessary]

- H) Contact Information.** Identify the key contact person with whom all communication should flow.

|                        |                          |
|------------------------|--------------------------|
| <b>Name:</b>           | James Bass               |
| <b>Title:</b>          | Chief Financial Officer  |
| <b>Street Address:</b> | 125 E. 11th Street       |
| <b>City/State:</b>     | Austin, Texas 78701-2483 |
| <b>Phone:</b>          | (512) 463-8684           |
| <b>Fax:</b>            | (512) 463-6661           |
| <b>E-mail:</b>         | jbass@dot.state.tx.us    |



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**SECTION A: Contact Information**

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Provide the following information and include this sheet as the first page of the application following the Executive Summary.

1. Applicant's Legal Name:

Texas Department of Transportation (TxDOT)

2. Other Names under Which Applicant Does Business:

None

3. Federal Tax Identification Number (to be used to determine whether the applicant is delinquent or in default on any Federal debt, in accordance with 31 U.S.C. 3701, et seq. and 5 U.S.C. 552a at note):

17460001708

4. Business Address:

125 E. 11th Street  
Austin, Texas 78701-2483

5. Mailing Address (if different from above) – include both U.S. mailing address and courier (*i.e.*, no P.O. Box) address:

Same as above.

6. Contact Person Name:

James Bass

7. Contact Person Title:

Chief Financial Officer

8. Mailing Address for Contact Person (if different from above):

Same as above.

9. Telephone:

(512) 463-8684

10. Fax:

(512) 463-6661

11. E-mail:

jbass@dot.state.tx.us



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## **SECTION B: Project Information**

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This section requests narrative information and one exhibit. The list below should be included in the application packet with responses attached and numbered to correspond to the relevant item. Total narrative supporting Section B should not exceed 8 pages, excluding the exhibit.

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1. Project Name. Assign a short name to the project, for purposes of identification.

North Tarrant Express Project

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2. Location. Describe the location of the project, including major intersecting highway and rail routes, and attach a map as Exhibit I. Include the name(s) of the counties that the project will serve.

The North Tarrant Express Project (Project) will comprise approximately 36 miles of IH 820, IH 35W, and SH-183 in North Tarrant County, in the vicinity of Fort Worth, TX. Municipalities located adjacent to the corridor include Fort Worth, North Richland Hills, Richland Hills, Hurst, Bedford, Euless and Haltom City.

The Project limits along IH 820 extend from west of Mark IV Parkway (including the IH 820/IH 35W Interchange) east to the interchange with SH-121/SH-183, and from the interchange with SH-121/SH-183 south to the interchange with Randol Mill Road, immediately north of the IH 820/IH 30 interchange. Major intersecting highways and railroads include IH 35W and SH-183, the Dallas Area Rapid Transit and the Union Pacific Railroad, and the corridor crosses over the West Fork of the Trinity River.

The Project limits along SH-183 extend from the interchange with IH 820 west to the interchange with SH-161. Major intersecting highways include IH 820, SH-360, SH-161 and International Parkway.

The Project limits along IH 35W extend from the interchange with IH 30 north to SH-170. Major intersecting highways include IH 30, IH 820, US 287, Spur 280, SH-121 and Belknap Street interchanges.

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3. Project Cost and TIFIA Credit Assistance Request. Provide a cost estimate for both the entire project and the “eligible project costs” under the TIFIA program (see Chapter 3, Section 3-4, for a description of “eligible project costs”). Specify the TIFIA credit instrument(s) (*i.e.*, secured loan, loan guarantee, and/or standby line of credit) requested and the amount of TIFIA credit assistance requested for each credit instrument. The dollar amounts provided in this section must match those presented under Section D (Financial Plan).

The dollar amounts provided in this section must match those presented under Section D (Plan of Finance).

The current cost estimate for Segment 1 of the Project is approximately \$801,966,000 of which 99% are “eligible project costs” for TIFIA purposes. The TIFIA loan request is for \$58,596,000, which is below the 33% TIFIA limitation; the difference is being funded from public funds and equity contributions.

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4. Project Description. Describe the need for the project, its basic design features, and what it will accomplish. Include an assessment of the current condition of all transportation facilities relating to the project. If the project’s current scope differs from what is described in its environmental documents, please explain.

The North Tarrant Express Project is being proposed to relieve the severe congestion currently being experienced in the Fort Worth area. The Dallas-Forth Worth Metropolitan Area is the fifth largest region in the country with a population of 5 million in 2000, and is expected to grow to an estimated 9 million by 2030. The 2005 Mobility Transportation Plan Update developed by the North Central Texas Council of Governments estimated that the region-wide cost of congestion during 1999 was approximately \$5.3 billion and will likely reach \$11.5 billion by 2025, including \$45 billion projected as infrastructure investment for the next 20 years.



The completion of the Project will provide considerable congestion relief in the region by adding four to six managed toll lanes on IH 820, SH-183, and IH 35W. As part of the Project, new general purpose lanes and frontage roads will be added and existing facilities (including interchanges and connections) will be reconstructed to meet existing and forecasted travel demands within the IH 820/SH-183/IH 35W system.

The U.S. Census Bureau reported that the population of Tarrant County was 1,446,219 in the year 2000. The North Central Texas Council of Governments estimates that this population will grow to 2,291,700 by the year 2030. This rapid projected growth is expected to increase average daily traffic volumes along IH 820 (Segment 1) to 214,000 vehicles per day in the year 2010, and to 321,000 vehicles per day by the year 2030.

The Project consists of the improvement and expansion of six distinct segments along more than 36 miles of IH 820, IH 35W, and SH-183 in North Tarrant County, in the vicinity of Fort Worth, TX. The Project will include reconstruction and new construction of general purpose lanes, construction of managed toll lanes, reconstruction and new construction of frontage roads, installation of necessary tolling infrastructure, establishment of tolling operations and maintenance and operation for all of the above. Municipalities located adjacent to the corridor include the Cities of Fort Worth, North Richland Hills, Richland Hills, Hurst, Bedford, Euless and Haltom City. As already mentioned above, this TIFIA credit application relates only to Segment 1 of the Project. TxDOT or the Developer may file a separate TIFIA credit application for Segment 2, 3A, 3B, 3C and 4, respectively, as the plans for development and financing of these Segments become mature.

The whole Project will provide the needed capacity to accommodate future growth, upgrade the existing facilities to current standards and provide alternative transportation modes by proposing Managed Toll Lanes systems along the corridors. The Project includes proposed improvements for the interchanges along the corridors of IH 820, IH 35W, and SH-183 as noted in discussion of the six segments below:

Segment 1 consists of 6.4 miles of highway improvements along the IH 820 corridor from west of Marl IV Parkway (including the IH 820/IH 35W interchange) east to the IH 820 interchange with SH-121/SH-183, and 1.8 miles of highway improvements along the IH 35W corridor from south of IH 820 to north of IH 820. The existing configuration generally consists of 2 general purpose lanes in each direction and recently underwent an interchange reconstruction at SH-183. The Project will expand this to 3 general purpose lanes and 2 managed toll lanes in each direction, more than doubling the road's capacity. The preliminary design concepts and alternatives for the corridor are being reevaluated to include additional managed lanes in the median of the proposed general purpose lanes. The work includes the reconstruction of the interchanges along IH 820 at Mark IV Parkway, IH 35W, North Beach Street, Haltom Road, US 377 (Denton Road), Iron Horse Blvd., and Holiday Lane. The Developer's final design will determine whether the interchange at Rufe Snow Drive requires reconstruction.

The Developer will also be responsible for the reconstruction of the railroad grade-separated crossings and railroad work associated with the highway improvements. Crossings within Segment 1 include Dallas Area Rapid Transit ("DART") and the Union Pacific Railroad ("UPRR"). Lane management operations may be adjusted at any time to better match regional goals. This includes evaluating opportunities for congestion management through a combination of three variables: hours of operation, auto occupancy, and value/toll pricing.

As already described in the Executive Summary section of this application the rest of the Project's Segments consists of: (i) Segment 2, an east-west 11.3 mile facility that runs along SH-183 between the IH 820 interchange and the SH-161 interchange, which would be doubled by the Project to 3 general purpose and 3 tolled managed lanes in each direction; (ii) Segment 3A along IH 35W located between IH 30 and IH 820, which would be improved by the Project by adding one or two general purpose lanes in each direction for 6.5 miles and two tolled managed lanes in each direction for 5.6 miles; (iii) Segment 3B, consisting of 3.3 miles of IH 35W between the interchange with IH 820 and the interchange with US 287, which would be improved by the Project to 4 general purpose lanes and 2-3 tolled managed lanes in each direction; (iv) Segment 3C, 5 miles along IH 35W from US 81/US 287 north to SH-170, which would be improved by the Project to 3 general purpose lanes and 2 managed toll lanes in each direction; and (v) Segment 4, the 3.7 miles of the loop IH 820 from the interchange with SH-121N/SH-183 south to the interchange with Randol Mill Road, immediately north of the IH 820/IH



30 interchange, which would be improved by the Project to 5 general purpose lanes and 1 managed toll lane in each direction. However, as noted previously in this application, this TIFIA application relates to Segment 1 only.

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5. **Project Schedule.** Provide a timeline that illustrates the estimated start and completion dates for each major phase or milestone of project development, construction and/or acquisition, including, for example: major investment study, Federal transportation planning requirements, preliminary engineering and environmental documentation, final design, right-of-way acquisition, construction, and vehicle acquisition. Indicate the applicant's current status on this timeline.

Segment 1 of the Project is expected to receive environmental clearance near June 2008. Segment 2 of the Project is expected to receive environmental clearance near July 2008. The Concession Facility will include, at a minimum, Segment 1 and may also include all or a portion of Segment 2. TxDOT anticipates award of the concession CDA, completion of negotiations and financial close for the Concession Facility by Fall 2008, with construction to begin approximately 6 months after close. Construction of the Concession Facility is estimated to be complete and the facility to be fully functional by late 2013. During the initial 12 month period following close of finance, the selected Developer and TxDOT will create a master development plan including a master financial plan and schedule for developing the remaining Segments. Each of the remaining Segments will be financed and developed in accordance with the master development plan and will be subject of another TIFIA credit application as soon as the plans for development and financing of these Segment become mature. The Project will require acquisition of significant amounts of new right-of-way. TxDOT anticipates that the Developer will be responsible for the costs of acquiring all new right-of-way and will be responsible for providing right-of-way acquisition services in connection with the acquisition of any such parcels. TxDOT shall assist the Developer in the necessary acquisition of right-of-way, at the Developer's expense. TxDOT anticipates that ROW acquisition will be completed by June 2010.

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6. **Permits and Approvals.** List all major permits and approvals necessary for construction of the project and the date, or projected date, of the applicant's receipt of such permits and approvals. The list should include permits and approvals required under local, regional, state, and Federal laws and regulations. In particular, indicate when outstanding approvals by state or local government entities are expected. Also, describe the status of environmental review documents. Copies of major permits and approvals will be required upon execution of a credit agreement with the DOT.

Segment 1 of the Project is expected to receive a FONSI near June 2008. Segment 2 of the Project is expected to receive a FONSI near July 2008. Segments 3A, 3B, and 3C are expected to receive clearance in late 2008. Segment 4 is expected to start environmental reevaluation subsequent to concession CDA execution.

A Texas Pollutant Discharge Elimination System (TPDES) Construction General Permit TXR150000 must also be obtained for Segment 1 of the Project from the Texas Department of Environmental Quality (TCEQ). Due to the unique nature of CDA contracts, TxDOT will initiate actions with EPA and TCEQ and local jurisdictions along the Project Right of Way to clarify Developer's status as facility operator and TxDOT's role as owner, and establish Developer as the responsible party for filing the required documents in accordance with the Construction General Permit. Developer is responsible for obtaining and compliance with this permit, as well as all other required environmental permits not provided by TxDOT. Developer will be responsible for determining the need for and subsequent application for any additional permits required for construction of the Project.

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7. **Project Management and Compliance Monitoring Plan.** Provide a comprehensive project management and monitoring plan that will assure the DOT of the applicant's ability to deliver the project as planned, fulfill all project commitments, and ensure compliance with all terms of the credit agreement, including all applicable regulations and provisions of law. The plan should provide: (a) information on the roles and responsibilities of all entities with decision making authority for the project; (b) status reporting processes that document not only the status but changes and potential risks; and (c) coordination processes that provide for advance notification of potential issues to all appropriate agencies and timely resolution.



## ***Application***

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Each of the proposers will be required to submit preliminary plans as part of their response to the request for proposals and final plans after concession CDA award. The Invitation To Proposers (ITP) requires the Proposers to submit a Concession Facility Development Plan, which includes the General Concession Facility Management. TxDOT provides a “Noncompliance Point System, Persistent Developer Default and Measures of Liquidated Damages” for use in assuring compliance with the provisions of the concession CDA.

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8. Maintenance and Operations. Describe the maintenance and operations plan for the project.

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Each of the proposers will be required to submit preliminary plans as part of their response to the request for proposals. TxDOT will provide the proposers with operation and maintenance standards that they will use when drafting their operation and maintenance plan for the Project and final plans after concession CDA award. The ITP requires the Proposers to submit a Concession Facility Development Plan, which includes a preliminary Operations Management Plan and a preliminary Maintenance Management Plan.

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## SECTION C: Satisfaction of Selection Criteria

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This section allows the applicant to describe the extent to which the project satisfies the eight selection criteria specified under 23 U.S.C. 602(b)(2). *The applicant should provide relevant data (both qualitative and quantitative) to support its assertions and to justify the benefits to be derived from TIFIA assistance in satisfying these criteria and advancing the proposed project.* The list below should be included in the application packet with responses and supporting documents attached and numbered to correspond to the relevant item. Total narrative supporting Section C should not exceed 15 pages, excluding the four exhibits.

1. National/Regional Significance. Describe the extent to which the project is nationally or regionally significant. Describe the project's ability to generate economic benefits, support international commerce, or otherwise enhance the national transportation system. Supporting documentation may be attached as Exhibit II.

As part of the program to accelerate the critically needed transportation improvements in the North Central Texas region, TxDOT developed the Project. The Project is being proposed to relieve the severe congestion currently being experienced in the Fort Worth area. The Dallas-Forth Worth Metropolitan Area is the fifth largest region in the country with a population of 5 million in 2000 expected to grow to an estimated 9 million by 2030. The 2005 Mobility Transportation Plan Update developed by the North Central Texas Council of Governments ("NCTCOG") estimated that the region-wide cost of congestion during 1999 was approximately \$5.3 billion and will likely reach \$11.5 billion by 2025, including \$45 billion projected as infrastructure investment for the next 20 years.

The Project area covers Tarrant County, which is the second largest county in the Dallas-Fort Worth metropolitan area. Tarrant's County population is expected to grow by an annual average rate of 1.5 percent between 2000 and 2030. According to the U.S. census for 2000 the population of Tarrant County was 1,446,219 in the year 2000. The NCTCOG estimates that this population will grow to 2,291,700 by the year 2030. The additional 845,504 residents expected in Tarrant County by 2030 would represent the highest number of additional residents for any county in the Dallas-Forth Worth metropolitan area during that period. This rapid projected growth is expected to increase average daily traffic volumes along IH 820 (Segment 1) to 214,000 vehicles per day in the year 2010, and to 321,000 vehicles per day by the year 2030. The Project as a whole achieves regional, national and international significance in several ways, including:

- Relieving congestion, improving safety, reducing fuel consumption and increasing connectivity to facilitate continued robust growth in the Dallas-Fort Worth metropolitan area, the most centrally located major business center in North America, thereby meeting travel demand resulting from national and international trade that brings new jobs to the area (source: Dallas-Fort Worth Airport website). The Dallas-Fort Worth metropolitan area experienced population growth of over 140,000 annually from 1999-2004 (source: North Central Texas COG), driven by a regional economy of wide diversity that has a Gross Corporate Product (GCP) larger than those of all but 13 states (source: US Bureau of Economic Analysis).

Supporting national and international commerce by relieving congestion and improving safety on main corridors of the North Central Texas Region. The Project is essential to accommodate the increased traffic volumes associated with the projected increase in employment growth in the North Central Texas Region. Tarrant County is one of the prominent employment centers in the area and is home to many industrial and medical institutions such as RadioShack Corporation, AmeriCredit Corporation, Harris Methodist Hospital, John Peter Smith Hospital, and Cook Children's Healthcare Center. According to North Central Texas COG, Tarrant County added 299,360 new jobs between 1990 and 2000 at an average annual growth rate of 4.3 percent. During 2000 the total employment in Tarrant County represented 27.4 percent of the total employment in the Dallas-Forth Worth region. Tarrant County's employment is expected to increase from 0.9 million in 2000 to 1.4 million by 2030. Tarrant County employment establishments are expected to contain 23.1 percent of the total additional jobs in the area by 2030.



Fortune Magazine has ranked Fort Worth as the 8th best among major metropolitan areas for business and careers. Six Global 500 companies have established their home offices in the Dallas-Fort Worth region, along with 22 companies comprising the US Fortune 500 and 43 of the US Fortune 1000.

The Dallas-Fort Worth area is responsible for 33% of the GDP for all of Texas (source: US Bureau of Labor and Statistics), and makes up 25.8% of the state population, 27.7% of the labor force, and 28.5% of all wage and salary jobs (source: US Census Bureau). The total Gross Corporate Product (GCP) of the Dallas-Fort Worth region was over \$250 billion in 2002 (source: US Bureau of Economic Analysis).

The Dallas Morning News ranks the top 200 major corporations in the Dallas-Fort Worth metropolitan area every year. The ranking is based on the total revenue generated by each corporation in the previous year. From the 2006 rankings, 39 of those corporations are located within an approximate five mile distance of the proposed managed lanes facilities.

The Project is an important link in both regional and national transportation infrastructure and an increasingly important route for national and international trade activity. The Dallas-Fort Worth metropolitan area is equally close to the 5 largest business centers in North America – Chicago, New York, Los Angeles, Mexico City and Toronto (source: Dallas-Fort Worth Airport website), and is home to the nation's largest "Inland Port" with over 600 motor / trucking carriers and 100 freight forwarders (source: North Central Texas COG). In 2003, international trade in the North Central Texas region exceeded \$36 billion (source: USA Trade Online).

The Dallas-Fort Worth employment sector diversity ranges from 4 to 22 percent in each sector except for mining (source: US Bureau of Labor and Statistics). This economic diversity means that the region will not suffer greatly from slow-downs in any one individual economic sector. In addition, the corridors served by the Project traverses Tarrant County, which is a vital center of this dynamic regional economy. Existing surface transportation facilities are inadequate to meet current demand, however and the significant projected travel growth in the region. The existing infrastructure must be upgraded to accommodate this growth.

The Project will provide critically needed capacity expansion which will have the direct effect of significantly lowering congestion impacts on the corridors. This reduction in congestion will also have the effect of reducing fuel consumption. The reduced congestion and enhanced mobility along this corridor through Tarrant County will result in significant positive economic effects reaching far beyond the Project itself.

In addition to the benefits associated with alleviating congestion and increasing mobility and safety, recent analysis indicates that the Project will produce significant benefits to the local economy along the Project corridors, based on data from other toll highway projects with similar characteristics, including the recent expansion of the nearby North Central Expressway. Economic benefits along other corridors were most clearly demonstrated via increased demand in the commercial and residential property markets along these corridors relative to property markets in surrounding communities. For example, values of high-density residential properties along the expanded section of the North Central Expressway increased at rates as much as 9% greater than equivalent properties in surrounding communities. Commercial properties along this corridor also experienced higher occupancy and rental rates than equivalent properties in surrounding communities.

The integration of the Project into the existing State and national transportation infrastructure in the North Central Texas region is designed to address the present transportation crisis and meet future needs for improved mobility, congestion relief and enhanced safety. Implementation of the Project is critical to the achievement of this rapidly developing region's full economic potential.

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2. Creditworthiness. Describe the creditworthiness of the project as noted below.

- a) Provide at least one preliminary rating opinion letter, as required under 23 U.S.C. 602(b)(2)(B), as Exhibit III. This letter is a conditional credit assessment from a nationally recognized statistical rating organization (NRSRO) that must indicate the potential for the senior debt obligations funding the project to achieve an investment grade



rating and also must provide a rating on the TIFIA credit instrument. (The senior debt has a lien senior to that of the TIFIA credit instrument on the pledged security; if there are no debt obligations senior to the TIFIA credit instrument, then the TIFIA credit instrument itself must be shown to have the potential to obtain an investment grade rating). This preliminary assessment by the rating agencies will be based on the financing structure proposed by the applicant. The letter should provide a preliminary rating assessment of the financial strength of the overall project and the default risk (*i.e.*, without regard to recovery potential) of the requested TIFIA instrument.

All applicants are required to submit a preliminary rating opinion letter. The DOT will not consider applications without such a letter.

The preliminary rating opinion letter should not reflect the use of bond insurance or other credit enhancement that does not also secure the TIFIA instrument. The assessment of the senior obligations' investment grade potential and the TIFIA instrument's default risk should be based on the underlying ratings of debt obligations and the project's fundamentals.

- b) Provide information concerning the ability of the applicant (or any significant public or private partners that pledge to repay or provide funding) to repay all borrowed funds, including any obligations to the Federal Government. Describe the extent to which the project includes security features, such as a rate covenant and an additional bonds test, to ensure repayment of the Federal credit instrument.
- c) Provide a copy of existing financing documents, such as a trust indenture agreement, including any rating agency credit reports, for other creditors of the project or a term sheet indicating the proposed features of the anticipated financing documents, as Exhibit IV. The information should indicate the Federal credit instrument's status in relation to pledged security, coverage, and treatment under an additional bonds test. Applicants should be aware that when prior financing based on the proposed TIFIA security is already in place difficult inter-creditor issues often arise in the negotiation of the TIFIA credit instrument.
- d) Provide other information to support the project's creditworthiness, such as: the project's market position; the history of user-based repayments for other obligations; the economic outlook for related commerce; qualifications of the project team; proposed risk mitigation strategies, etc. The applicant may refer to other portions of its application, as applicable.

Note that Section D of this application requests a financial plan; information furnished under this item may be cross-referenced to materials provided in Section D, and in all instances must be consistent with those materials.

- a) Based on the assumptions in the pro forma plan of finance regarding traffic and revenue projections, it is anticipated that the selected proposer's TIFIA loan obligations will be rated in the investment grade category. Since qualified proposer teams have yet to supply any preliminary finance plans, the exact nature of any senior lien obligations is yet to be determined. A preliminary opinion letter will be provided by the proposers.

We believe the following factors will be considered strengths in analysis Segment 1 of the Project by the rating agencies:

- Market-based/performance-based tolling rates
  - Strategic importance and essentiality of the Project
  - Traffic and economic growth in the area
- b) As mentioned in a) above, the finance plan that will serve as the basis for finalizing the TIFIA loan will be determined by the selected proposer. Throughout the RFP process, there will be ample opportunities for all proposer teams to ask any questions they may have regarding the TIFIA process and procedures. The qualified proposer teams have been provided with and have access to TIFIA's requirements for its instruments. Therefore, we believe any overall finance plan will be structured to be able to adequately repay the federal credit instrument. Segment 1 of The Project may also have public sector financial support, in an amount up to \$726,000,000 in public



sector financial support is committed to the Project. If necessary, any additional public sector financial support will be provided by the Regional Transportation Commission

- c) The selected proposer will be required to submit all additional documentation in connection with satisfying the conditions to finalize the TIFIA credit commitment. We cannot determine the federal credit instrument's status in relation to pledged security, coverage and treatment under any additional bond tests until the proposers submit their responses to the RFP. The preliminary finance plan submitted with this application makes certain assumptions concerning the financing structure.
- d) The Dallas-Forth metropolitan region is a rapidly growing region in the State of Texas and has produced a relatively sustained level of growth and diversity. The future viability of the Project is based in part on the demographics of the region, encompassing a service area within which a rapidly growing population, positive employment prospects and severely congested traffic conditions support the Project's potential success. The nature of the Project, the traffic characteristics, and the location of the facilities all provide a strong basis for the Project's viability to potential equity and debt investors and rating agencies.

Perhaps just as important to the Project's credit worthiness as the above factors, motorists in the region are accustomed to paying tolls. The North Texas Tollway Authority (NTTA) has been in existence for over a decade. Pursuant to SB 792, signed into law by the Governor of Texas in June 2007, NTTA will act as the exclusive O&M Contractor for certain mandatory toll collection and enforcement services for the Project for the entire term of revenue service (commencing as of Service Commencement). NTTA will provide customer service, back office and clearinghouse services, which will be described in detail in an agreement with NTTA for the NTTA tolling services (the "NTTA Tolling Services Agreement").

TxDOT has shortlisted four proposers consortia to submit proposals for the Project. Each of these teams is well qualified to perform the remaining design, construction, operation and maintenance of the facility.

- 3. Private Participation. Describe the extent to which the project fosters innovative public-private partnerships and attracts debt and/or equity investment from private capital. Identify private partners and provide evidence of commitments, joint venture agreements, lease, or other supporting documents for the public-private partnerships as Exhibit V. Also, describe the extent to which the project's debt repayment depends on user charges.

The Project brings together in one place the potential of a wide range of innovative public-private partnerships and forms of private participation in infrastructure project delivery which have proven successful in several applications nationally and internationally.

#### THE COMPREHENSIVE DEVELOPMENT AGREEMENT PROGRAM.

##### a) General

Best described as a "hybrid" project, the Project consists of two distinct elements. The Concession Facility is ready for immediate development through a concession and it is subject of this application for TIFIA credit assistance, while the remaining Segments are in a preliminary design phase. The scope of the Concession Facility will be determined through the best value proposal. TxDOT intends to select a single developer for both the development, design, construction, financing, operation, and maintenance of the Concession Facility through a concession CDA, and working as a partner with TxDOT through a second CDA to analyze, identify, and create development plans for the remaining Segments. In turn, TxDOT will provide the developer with a limited right of first negotiation for development, design, construction, financing, operation, and maintenance of the remaining Segments through the second CDA. TxDOT or the Developer may file a separate TIFIA credit application for one or more of the second CDA Segments as the plans for development and financing of these Segments become mature.

##### Concession CDA



Under the concession CDA, TxDOT will grant a concession for Segment 1 and potentially all or a portion of Segment 2. TxDOT contemplates that the concession CDA will: (a) obligate the Developer to (i) develop, design and construct the Concession Facility, (ii) invest equity and provide financing for such improvements, and (iii) operate and maintain the Concession Facility and associated frontage roads, and (b) grant the Developer the right to retain toll revenues from users of the tolled portions of the Concession Facility for a maximum period of 52 years, subject to any revenue sharing with or other payments to TxDOT.

TxDOT anticipates that the improvements to be completed by Developer under the concession CDA with respect to the concession for the Concession Facility will include improvements on IH 820 from IH 35W (including the IH 820/IH 35W Interchange) east to the interchange with SH-121/SH-183. The Developer will be responsible for providing a minimum of three continuous and unobstructed general purpose lanes per direction plus two managed toll lanes per direction, plus required operational, merge, acceleration and deceleration lanes as identified in the reference schematics. In addition, all required overpasses/underpasses will be designed and constructed by the Developer to support these main lanes and managed lanes and connect them to existing facilities. The Developer will be responsible for required upgrades to frontage roads.

#### Second CDA

The Developer's obligation under the second CDA will generally include collaborating with TxDOT to develop an implementation strategy for the Segments of the Project not included in the Concession Facility, including development and financial planning. The Developer's Initial Scope of Work under the second CDA will include preparing a master development plan, master financial plan, and project management plan, including quality management plan. The Developer will also support any TxDOT activities related to preliminary engineering, environmental approvals and the public involvement process as described further in the second CDA.

The Developer will also have a right of first negotiation with respect to the development, design, construction, financing, operation, and/or maintenance of any Project facilities to be delivered through a concession; however the second CDA will not unconditionally provide that the Developer will be entitled to undertake, design, construct, finance, operate and/or maintain, with its own forces, a specific set of facilities or construction value. Work will proceed as authorized by a notice to proceed issued by TxDOT under the second CDA.

In general under a CDA, the Developer is transferred responsibilities (and most attendant risks) relating to:

- project cost
- service commencement date risk
- financing risk
- determination of site conditions
- identification of utilities requiring relocation
- interface with utility owners and providing utility relocation/adjustment services where authorized by utility owners
- defects in existing construction
- management and disposal of all hazardous materials encountered during the term of the CDA
- local government permitting
- project and systems integration
- operations and maintenance risk
- lifecycle risk



The benefits of the CDA approach for the Concession Facility include:

- no costs incurred for project or consequent financing obligations, beyond those identified in this application
- guaranteed service commencement dates with potential liquidated damages for failure to achieve service commencement by such dates
- long-stop deadline with potential termination for default for failure to commence service by such deadline
- time savings/acceleration of Project delivery
- performance warranties
- quality of construction, operations and maintenance
- innovative construction, operations and maintenance techniques
- possible NEPA support by Developer for the Project facilities through the second CDA
- possible support by Developer to develop a Master Development Plan for the Project under the second CDA

Texas has successfully used the CDA (and its precursor, the EDA) process. In addition, this form of public-private partnership has been used successfully in Virginia, Washington, South Carolina, Massachusetts and California, among other domestic and international venues.

TxDOT has utilized a two-step procurement process for the Project. The first step included the issuance of a request for qualifications (RFQ) and a shortlisting of Developer teams based on a submittal and competitive evaluation of qualifications. Subsequent to the shortlisting, a request for proposals (RFP) will be issued in March 2008 to shortlisted Developers and selection of the best value proposal for negotiations of a CDA will be based on a methodology that comprises the best value to TxDOT.

b) Developer's Responsibilities during Design and Construction of Segment 1

As mentioned in paragraph a) above TxDOT anticipates that the improvements to be completed by Developer under the concession CDA with respect Segment 1 will include improvements on IH 820 from IH 35W east to the interchange with SH-121/SH-183, by providing a minimum of three continuous and unobstructed general purpose lanes per direction plus two tolled, managed lanes per direction, plus required operational, merge, acceleration and deceleration lanes as identified in the reference schematics. In addition, all required overpasses/underpasses will be designed and constructed by the Developer to support these main lanes and managed lanes and connect them to existing facilities. The Developer will be responsible for required upgrades to frontage roads. As part of Segment 1, the Developer will also be responsible for developing, designing, constructing, financing, operating and maintaining the following improvements to TxDOT's facilities within Segment 1:

- Crossings for Dallas Area Rapid Transit ("DART") and the Union Pacific Railroad ("UPRR"), as well as crossings needed to accommodate pedestrian access.
- Improvements to the interchange of IH 35W and IH 820, including providing a minimum of three continuous and unobstructed general purpose lanes per direction plus two tolled, managed lanes per direction, plus required operational, merge, acceleration and deceleration lanes as identified in the reference schematics.
- Identified on and off ramps as depicted in the Project documents. These on and off ramps will include all approaches and departures of the connectors to ensure existing connectors are preserved.
- An open-road electronic toll collection system as necessary to allow collection of tolls from users of the managed lanes as depicted in the Project documents.



- Other potential facilities that may be identified in the RFP to the extent necessary for connectivity, mobility, safety, and financing.

c) Developer's Responsibility for Operations and Maintenance

By committing to perform operations and maintenance for the duration of the 52 year term of the concession CDA, including the Operating Period, the Developer will essentially provide TxDOT a long-term warranty on the design and construction work of Segment 1 of the Project. The Developer will also take both design/construction and maintenance risk, thereby creating a special incentive to perform rigorous value engineering, design and construction quality control and minimization of the facility's "life cycle costs."

The Developer will be responsible for the operation, management, maintenance, renewal, and rehabilitation of Segment 1 of the Project. The Developer will also be required to implement appropriate safety compliance measures (including repair, reconstruction, rehabilitation, and procedures as required). Upon commencement of construction of Segment 1, the Developer will be responsible for operations and maintenance of all Segment 1.

TxDOT, together with the Independent Engineer, will have the right to audit and monitor operations and maintenance. The Project will be transferred to TxDOT upon termination of the concession CDA Term, at no charge to TxDOT, in accordance with Handback Requirements specified in the concession CDA.

d) Developer Responsibility for Toll Collection System Operations and Maintenance

Pursuant to SB 792, NTTA will act as the exclusive O&M Contractor for certain mandatory toll collection and enforcement services for the Project for the entire term of revenue service (commencing as of Service Commencement). NTTA will provide customer service, back office and clearinghouse services, which will be described in detail in the NTTA Tolling Services Agreement.

The Developer shall install, operate and maintain the toll collection system for the Project, subject to certain conditions. TxDOT anticipates that tolling equipment locations will be determined before the RFP is issued. Developer shall implement toll collection systems that charge, debit and collect tolls only at or through the electronic tolling facilities physically located on the corridors or through global positioning system technologies or other remote sensing technologies that charge, debit and collect tolls only for actual vehicular use of the Managed Lanes.

Toll collection and enforcement systems shall meet all applicable TxDOT statewide interoperability and compatibility standards, requirements, and protocols.

e) Developer Right to Charge Tolls and Use Toll Revenues

The concession CDA will include a grant of the exclusive right to impose tolls upon the Users of the Managed Lanes, establish, modify and adjust the rate of such tolls, and enforce and collect tolls from the Users of the Managed Lanes during the term of the Lease. The Developer will have the exclusive right, title and interest in and to the Toll Revenues during the Lease term, subject to the Developer's obligations under the concession CDA Documents (including revenue sharing with TxDOT), Funding Agreements and Security Documents.

The concession CDA will require that Toll Revenues be used to pay amounts due to TxDOT, operations and maintenance costs, debt service, taxes and reserves before any distribution may be made to equity participants and before any payment of non-competitive fees and charges to Developer's affiliates. Payment of current and outstanding operations and maintenance costs will take first priority. Payment of any current and outstanding revenue share to TxDOT will be treated as part of operations and maintenance costs.

PRIVATE DEBT AND EQUITY



The Project is expected to be very attractive to the private capital markets and other potential private sector participants in project development, especially when available public sector funds are considered. However, the Developer will have sole responsibility for all financing necessary for the design, permitting, development, construction, fabrication and installation of the Improvements, and operation and maintenance of the Project, at its own cost and risk and without recourse.

As indicated in Section D (Finance Plan), it is expected that a mix of public sector funds, the proposed TIFIA loan, and equity in the form of committed funds will be available to finance the Project. It is possible that in addition the mix of funds proposed by the Developer may also include tax exempt private activity bonds and/or commercial bank loans.

#### PRIVATE PARTNERS

Four experienced Proposer teams were short-listed for further consideration as Developer for the Project. The four remaining short-listed teams are listed in Exhibit V

#### REPAYMENT OF PROJECT DEBT

See Section D (Plan of Finance) for a description of the sources of repayment of Project debt and the dependence of the Developer on toll revenues (user fees) as a repayment source. TxDOT will have no obligation with respect to any debt incurred for the Project.

4. Project Acceleration. Estimate and explain the effect of TIFIA assistance on the project's start and completion dates, the extent to which TIFIA assistance would help the project to proceed at an earlier date than would otherwise be possible, and any effects of an accelerated project timeline (*e.g.*, reduced costs or increased benefits).

The inclusion of TIFIA assistance in its plan of finance, coupled with significant private participation, will substantially accelerate Segment 1 delivery. Set forth below are two charts that demonstrate the positive impact that TIFIA assistance will have on Segment 1 of the Project.

The table reflects two calculations: 1st, a schedule which assumes TxDOT engineering standards and Segment 1 delivery methods, utilizing traditional federal and state funding and design/bid/build construction on a "pay-as-you-go" basis; and a second schedule which assumes TIFIA financing, combined with public-private partnerships as described above. As is evident from these schedules, the infusion of TIFIA assistance, coupled with private participation in the development of Segment 1 of the Project, will accelerate delivery of Segment 1 by approximately six years.

| Segment 1 Construction Start Date with TIFIA* | Segment 1 Construction Start Date without TIFIA |
|---|---|
| 2009  | 2015  |

| Segment 1 Construction Completion Date with TIFIA | Segment 1 Construction Completion Date without TIFIA |
|---|--|
| 2013  | 2019   |

Benefits received from the earlier Segment 1 delivery are substantial. On a purely economic basis, Segment 1 of the Project costs will be expended in earlier years rather than later years, thereby avoiding higher costs and mitigating inflationary pressures which are adversely impacting the highway construction industry.



The economic impacts are not limited to Project costs. Existing roadway conditions in North Central Texas threaten to limit and adversely impact the region's impressive and continuing economic development and growth. Without near term improvements to the region's transportation infrastructure, economic growth will slow and could regress as companies choose to locate elsewhere or relocate to areas with more adequate transportation infrastructure. This in simple terms means accelerated Project completion will lead to continued growth and development in the region and an increase in jobs, tax base, redevelopment and enhanced standards of living. Near term improvements also lead to lower transportation costs in the regions and increased profitability for companies that rely heavily on ground (highway) transportation of goods. These greater profits in turn lead to growth of companies, additional jobs and tax revenue.

In addition to economic benefits, the congestion relief provided by the Project will provide significant reductions in commute times to many in the region, improving the overall quality of life.

Finally, from a safety standpoint, the accelerated delivery of Segment 1 of the Project will lower demand on numerous at-grade intersections, thus reducing congestion caused by excessive delays and eliminating such unsafe consequences as red light running.

- 
5. **Use of Technologies.** Describe the extent to which the project uses innovative technologies, including intelligent transportation systems (ITS). Indicate how the use of such technologies enhances the efficiency or capacity of the project.

The Project will include a comprehensive array of innovative and cutting-edge technologies, developed and implemented to safely and efficiently move traffic on, off and along the Project. Systems currently being considered for implementation include:

- Driver Information Technologies – changeable message signs, highway advisor radio and internet sites with roadway congestion information
- Vehicle Detector Stations – induction loops and radar to monitor congestion identify incidents and indicate rate of traffic flow.
- Closed Circuit Television – providing visual verification of congestion and incidents and providing safety and security measures.
- Electronic Payment Technologies – use of electronic toll collections systems to allow seamless regional and state-wide travel without stopping to pay tolls, including the use of mounted transponder units and video recognition systems to allow users to be charged monthly based on their vehicle registration. This facility will offer no cash collection limiting merging and diverging actions and limiting speed differential along the facility.
- Incident Management – use of integrated ITS systems to identify and respond to incidents.

Additionally, TxDOT, through the use of public private partnerships, is utilizing a performance based contracting method to encourage private industry participants to use every option available, such as technological upgrades and uses of new systems in the operations of a roadway, if such options will make their Project proposal superior.

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6. **Consumption of Budget Authority.** The DOT will independently perform necessary calculations on the basis of information provided under Sections D and E of this application, below. However, the applicant may prepare a brief summary that describes how its proposal minimizes consumption of TIFIA-related budget authority and otherwise represents an efficient use of credit assistance.

The preliminary finance plan assumes an equity contribution from private investors of approximately 30% of Segment 1 costs net of any subsidies, which will minimize Segment 1's consumption of TIFIA-related budget authority. Finally, it is anticipated that construction risk will be mitigated through the use of a fixed price, lump sum design/build subcontract, with allocation of associated contract risk to Developer.

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7. Environmental Benefits. Describe the extent to which the project helps maintain or protect the environment. For example, describe reductions in pollution (e.g., air, water, noise, etc.) that would result from the project. Describe any mitigation efforts beyond those required by law. Describe any significant environmental challenges or risks.

As described in foregoing sections, the Project will provide a myriad of benefits to the region as well as impacting the economy on a State and National level. While a Project cannot be developed without some impacts on the environment, TxDOT is and will continue to take steps to define and minimize those impacts to the greatest extent possible. Some of the steps being utilized and / or studied to protect the environment are as follows:

- 
- Storm Water – Developer will be responsible for determining how the storm water is to be handled in compliance with the laws.
  - Air – The North Central Texas Region is an air quality non-attainment zone. The Regional Air model indicates that improvements along Segment 1 will significantly reduce congestion in the corridor study area and improve mobility thus reducing vehicle emissions during peak travel times.
  - Noise – Developer will be responsible for performing a noise analysis, determining if and where noise mitigation will be required, and installing such mitigation.
  - Light – Project technical provisions require that all lighting design be carried out and completed to limit impacts on the surrounding environment.
  - Hazardous Materials – TxDOT is ensuring that all state and federal laws will be strictly adhered to in the abatement of hazardous materials located on the Project right-of-way. The identification and remediation of these sites that may otherwise remain unidentified is of potentially invaluable benefit to the environment.
  - Endangered Species – TxDOT has worked closely with the FHWA and US Fish and Wildlife Service to determine the possibility of endangered species and provide measures to mitigate any findings. While the North Central Texas Region is home to several threatened and endangered species, to date none have been found along the project corridor. Therefore, TxDOT does not anticipate that any threatened or endangered species will be impacted by the Project.
  - Human Environment – TxDOT will require Developer to provide landscaping to enhance the areas surrounding the corridors.
- 

8. Reduced Federal Grant Assistance. Estimate and explain how TIFIA assistance would reduce the project's need for Federal grant assistance. Indicate the percentage of the total project costs that will be funded by Federal grants, Federal credit assistance, and other sources.

Under traditional pay-as-you go financing for Nation Highway System designated projects, the FHWA pays 80% of construction costs and the State and local governments pay for the remaining costs.

As the current Segment 1 cost is approximately \$788,515,000, Segment 1 of the Project has a deficit of approximately \$78 million. Under this scenario, Segment 1 would not be completed until 2019, six years later than estimated with the infusion of TIFIA assistance and the use of public-private partnerships. These additional years would increase FHWA costs due to inflation. Based on a 4% annual increase to the \$788,515,000 current Segment 1 cost over the six years of projected Segment 1 delay, the FHWA total contribution would be increased by approximately \$140 million. The TxDOT request for TIFIA assistance in conjunction with the infusion of private financing sources for Segment 1 of the Project will result in a significant reduction in Federal grant assistance.

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#### **SECTION D: Financial Plan**

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The following items concern the project's financial plan. This section requests narrative information and four exhibits. *Note: For the purposes of this application, applicants should propose a single financing structure, representing the scenario deemed to have the greatest likelihood of occurring. While the DOT will evaluate the proposed financial plan, DOT's selection of the project for TIFIA assistance does not imply that the DOT has approved the proposed financial; the DOT may require modifications to the financial plan after selection and before execution of the credit agreement.*



***For the financial plan, any combination of the three types of credit assistance offered under TIFIA may be used, provided that the total TIFIA credit amount is capped at 33 percent of eligible project costs. The DOT may ask applicants to develop alternative scenarios, as necessary.***

The financial plan should be prepared in accordance with recognized financial reporting standards such as the “Guide for Prospective Financial Information” of the American Institute of Certified Public Accountants (AICPA). The narrative descriptions for the financial projections should include the sources of information for the forecasts and the methodology used for developing the forecasts. The discussion should also identify whether there has been any independent validation of the forecasts or sensitivity testing. Any documentation that provides the basis for the projected costs/revenues (e.g., revenue studies, feasibility studies, economic forecasts) should be included as attachments to the plan.

The list below should be included in the application packet with responses attached and numbered to correspond to the relevant item. Items 1, 2, and 3 below must also be provided on a 3 ½” computer diskette in a spreadsheet format. The DOT must be able to review and adjust the assumptions in these files; i.e., PDF or “values” copies of the spreadsheet are not acceptable. Total narrative supporting Section D should not exceed 17 pages. The pro forma(s) and supporting documentation requested under items 3, 5, and 6 (Exhibits VII, VIII, and IX, respectively) do not count toward the page limit.

### Introduction

The finance plan presented with this application is based on the best information available at this time to TxDOT and its advisors regarding estimated toll traffic and revenues, capital costs, sources and uses of funds, funding terms and operating and maintenance costs. As a consequence, at this stage the finance plan and the facility sizes indicated herein should be considered preliminary and subject to further revision.

The responses to the Request for Proposals for the Project will include a detailed project development plan as well as a finance plan. In preparing their proposals, proposers will be making their own evaluations of the economics of the project and developing a responsive financing approach. Consequently, the proposers’ finance plans may be at variance with the assumptions in this plan. TxDOT and its advisors have performed a preliminary analysis of the suitability of TIFIA for Segment 1 of the Project and have concluded that it is likely that proposers will want to include TIFIA as a source of financing in their finance plans. TxDOT has also received input from the proposers and this input confirms their interest in using TIFIA should they be successful in their proposal for Segment 1 of the Project.

The finance plan for Segment 1 of the Project is likely to be structured as a typical project financing whereby the cashflows generated under the concession to operate the toll road will secure the senior lien obligations and provide a return for the private sector equity investment.

Any finance plan for Segment 1 of the Project may include a mix of private sector equity and senior taxable bank debt. Additional funding may be sought in the form of subordinated federal assistance under the TIFIA program and through the issuance of tax-exempt Private Activity Bonds (PABs). The initial debt to equity ratio at financial close is assumed to be 70:30. Implicit in the above is that, consistent with the requirements of TIFIA, the debt ranking above it will, necessarily, achieve an ‘Investment Grade’ rating.

The equity will likely be contributed by the Shareholders during the construction period, on a pro-rata basis (in the form of ordinary share capital) with the debt obligations. The financing mix will be set at an optimum level to maximize the economic benefits, while maximizing the use of cheaper senior debt and ensuring that the Special Purpose Vehicle (SPV) is adequately capitalized to the satisfaction of the senior debt providers and TxDOT.

A preliminary exploration has identified a variety of potential funding sources, a combination of which may be used by the Developer in addition to the equity and quasi-equity it will subscribe:



- Tax exempt fixed rate or floating rate Private Activity Bonds;
- TIFIA loan facilities;
- Taxable debt sources either from:
  - The bond market; or,
  - Commercial bank debt (could include a construction facility and long term commercial debt).

At this stage the preliminary financing structure is based on using a TIFIA loan and equity.

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1. Estimated Project Cost.

- a) Provide a detailed cost estimate for the project. Distinguish between total and “eligible project costs” as defined under TIFIA; and describe any costs or activities that may not be TIFIA-eligible.

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The cost estimates for Segment 1 of the Project are based on a CDA delivery method of design-build-finance-operate, rather than the typical TxDOT design-bid-build delivery method. Cost estimates do not include any provision for sales and use tax as it has been assumed that the Developer will qualify for a sales and use tax exemption and the CDA transfers the risk of not obtaining the exemption to TxDOT.



In nominal dollars the capital cost of Segment 1 is estimated to be \$788,515,000 as outlined below:

All figures in 000s

| Type   | Total – US\$<br>nominal (000s) | TIFIA Eligible<br>Costs* |
|--|--------------------------------|--------------------------|
| Right of Way   | \$39,441                       | \$39,441                 |
| Utility Relocations  | \$22,152                       | \$22,152                 |
| Construction Costs – Roadway/Drainage  | \$219,227                      | \$219,227                |
| Construction Costs – Bridges   | \$182,317                      | \$182,317                |
| Construction Costs – Traffic/ITS   | \$70,601                       | \$70,601                 |
| Systemwide**   | \$12,270                       | \$12,270                 |
| Contingency  | \$53,335                       | \$53,335                 |
| Mobilization (IC)  | \$53,233                       |                          |
| Permits (IC)   | \$2,777                        |                          |
| Interim Design (IC)  | \$0                            |                          |
| Ultimate Design (IC)   | \$55,203                       |                          |
| Quality Control (IC)   | \$64,337                       |                          |
| Quality Assurance (IC)   | \$10,392                       |                          |
| Public Information Program (IC)  | \$1,155                        |                          |
| ROW temp construction easements (IC)   | \$2,076                        |                          |
| Insurance/Bond Costs (IC)  | \$0                            |                          |
| Implementation Costs (IC subtotal)   | \$189,172                      | \$189,172                |
| Capital Costs  | \$788,515                      | \$788,515                |
| Capitalized Interest Expense and Fees  | \$8,904                        | \$8,904                  |
| Reserve additions  | \$4,547                        | \$4,547                  |
| Historic Public Sector Costs   | \$0                            |                          |
| Total Cost   | \$801,966                      | \$801,966                |
| Max % Allowed  |                                | 33%                      |
| Size of senior facility  |                                | \$58,596                 |
| Max Allowed  |                                | \$56,596                 |
| * All costs except TIFIA capitalized interest and fees are considered eligible for TIFIA financing. No costs incurred by TxDOT in the past five years are included in the costs. |                                |                          |



- b) For TIFIA-eligible costs, provide an activity breakdown, as applicable, for: feasibility studies, preliminary engineering, environmental assessment, right-of-way-acquisition, vehicle acquisition, construction, construction engineering and inspection, project management, contingencies, and capitalized financing costs (including reserves, capitalized interest, and capital issuance costs for other project financing). Include other cost categories as necessary.

The chart below provides a detailed construction period expenditure breakdown, in nominal dollars (i.e., the year of expenditure).

| Type                 | Total   | Dec-2009 | Dec-2010 | Dec-2011 | Dec-2012 |
|----------------------|---------|----------|----------|----------|----------|
| Right of Way         | 39,441  | 37,469   | 1,972    | -        | -        |
| Utility Relocations  | 22,152  | 13,070   | 9,082    | -        | -        |
| Roadway / Drainage   | 219,227 | 10,293   | 60,720   | 80,962   | 67,252   |
| Tunnel Systems       | -       | -        | -        | -        | -        |
| Bridges              | 182,317 |          | 53,095   | 72,916   | 56,306   |
| Traffic / ITS        | 70,601  | 1,260    | 16,428   | 26,428   | 26,485   |
| System-wide          | 12,270  | 1,296    | 1,334    | 2,713    | 6,927    |
| Contingency          | 53,335  | 1,050    | 13,672   | 20,005   | 18,608   |
| Implementation Costs | 189,172 | 63,400   | 39,801   | 45,641   | 40,330   |
| TOTAL                | 788,515 | 127,838  | 196,104  | 248,665  | 215,908  |

2. Summary Table: Sources and Uses of Funds.

- a) Sources should include separate line items, as applicable, for Federal grants, state grants, local grants, private investment (equity or debt); any other contributions, market value of right-of-way dedications, bond proceeds (general obligation, revenue, and others), other borrowing (specify), investment income, revenues, and Federal credit assistance proceeds. For each line item, describe the status of the source (*e.g.*, requested, committed, and received). Provide supporting documentation to evidence the status of these funds in Exhibit VI.



An indicative summary of the sources and uses of funds is shown in the table below.

| <b>Sources and Uses of Funds - US\$ nominal (000s)</b> |                               |           |
|--|-------------------------------|-----------|
| Preliminary – Subject to change                        |                               |           |
| Sources of Funds                                       |                               |           |
|  | Public Funds                  | \$711,634 |
|  | Equity                        | \$27,100  |
|  | TIFIA Financing               | \$58,596  |
|  | TIFIA accrued interest        | \$4,636   |
|  | Interest Income               | \$0       |
|  | Total Sources of Funds        | \$801,966 |
| Uses of Funds  |                               |           |
|  | Construction Costs            | \$788,515 |
|  | Transfers to Reserves         | \$4,547   |
|  | Capitalized Interest and Fees | \$8,905   |
|  | Total Uses of Funds           | \$801,966 |

Segment 1 of the Project may have public sector financial support, in an amount up to \$726,000,000 committed to Segment 1 of the Project. If necessary, any additional public sector financial support will be provided by the Regional Transportation Commission.

The total public funds required by Segment 1 are assumed paid into an escrow account in 36 monthly payments by TxDOT over the 3 first years of construction. The release of funds from the escrow account to the private developer will be made as per the concession CDA. Cash balances in the escrow account are assumed to accrue interest. Below is an example of how the escrow account would be funded assuming the private developer has asked for the \$726,000,000 committed public funds.

The requested subsidy will be deposited by TxDOT into the escrow account as per the following schedule until the attainment of the requested subsidy amount.

| Annual \$M             | 1   | 2   | 3   | 4   | 5   | Total |
|------------------------|-----|-----|-----|-----|-----|-------|
| TxDOT                  | 242 | 242 | 242 | -   | -   | 726   |
| Other Public agencies* | -   | -   | -   | -   | -   | -     |
| Maximum Available      | 242 | 484 | 726 | 726 | 726 | 726   |



|       |  |  |  |  |  |  |
|-------|--|--|--|--|--|--|
| Funds |  |  |  |  |  |  |
|-------|--|--|--|--|--|--|

- b) Uses should include separate line items, as applicable, for feasibility studies, preliminary engineering, design, environmental assessment and mitigation, right-of-way-acquisition, vehicle acquisition, construction, construction engineering and inspection, insurance, project management, contingency funds, and capitalized financing costs (including debt service reserve funds, capitalized interest, and capital issuance costs for other project financing). Include other categories as necessary.

Note: Total sources and uses should be equal to one another and equal the estimated total project costs less historic public sector costs. All estimates should be expressed in year-of-expenditure dollars.

3. Cash Flow Pro Forma. Attach the pro forma for the project as Exhibit VII. The pro forma should include both a statement of sources and uses and a projection of monthly or quarterly cash flows during the construction period and annual cash flows thereafter. All amounts should be expressed on a cash (year-of-expenditure) basis and should include a narrative describing assumptions used to arrive at such estimates. The pro forma should include:
- a) Projected cash flows through such time as all project debt is repaid, including separate line items for each category of revenue (such as sales tax proceeds, fares, toll receipts) and expenditure (at a minimum, construction expenditures, operations and maintenance, contributions to reserves and capital replacement funds, debt service, repayments of the TIFIA credit instrument, and repayment of other borrowed funds, if any);
  - b) Estimated debt service coverage, separated into Federal, non-Federal (addressing, as applicable, senior and junior lien debt), and illustrating projected combined coverage, as applicable;
  - c) Amortization schedule for all project debt, separated into Federal, non-Federal (addressing, as applicable, senior- and junior-lien debt), and combined components; and
  - d) Anticipated repayment schedule illustrating the disbursement and repayment of the requested TIFIA credit instrument.
4. Supplementary Narrative Information on Sources of Funds: Other Borrowed Funds.
- a) Provide information on the other types of borrowing, including the form of borrowing (*e.g.*, types of bonds to be issued), the pledged security for such borrowing, its priority with respect to the security pledged to the TIFIA instrument, details on structuring, rating assumptions, and anticipated timing of receipt of such funds. Information on amortization schedules, expected interest rates, and coverage calculations should be included in the cash flow pro forma requested under item D. (3), above.

#### Shareholder Funding

The draft concession CDA for Segment 1 of the Project contemplates that the Developer will take significant traffic risk, which is consistent with shareholder funding comprising between 20% and 30% of the funding requirements net of any subsidies. Accordingly, this preliminary finance plan is based on 30% of initial funds being provided by the shareholders. Shareholder funding is likely to be provided in the form of ordinary share capital.

To incorporate an SPV to fulfill the Developer's obligations regarding the Project, the shareholders will subscribe to a nominal amount of ordinary share capital at financial close. While the finance plan currently contemplates that the share capital is invested in line with capital expenditures during the construction period, the injection may be deferred until construction completion, with the obligations of the shareholders throughout the construction phase being covered by way



of an equity bridge (senior debt) facility provided by the senior lenders and guaranteed by the shareholders. In this scenario the injection of the share capital will provide the funds necessary to fully repay the equity bridge facility.

Deferring the bulk of the shareholders funds until construction completion provides an efficient funding approach, because the SPV is utilizing the funds available to it in the most cost effective manner: where the cheapest funds are drawn first and the most expensive drawn last.

More information on shareholder funding is provided in Appendix B below.

#### Commercial Bank Facilities

To the extent that the optimal finance plan requires that commercial bank debt be utilized, it is likely that an arranging group drawn from experienced international project finance providers would be appointed by the Developer. Members of the arranging group would have extensive experience financing successful toll projects internationally. The Developer would retain the right to amend the arranging group at any time, enabling competitive tension to be maintained within the group, until Financial Close.

The Developer will be required to include in its tender submission: (1) exclusive support letters and term sheets from the arranging group indicating competitiveness; and (2) a thorough understanding of the transaction and total commitment (final approval from internal risk committees not contingent on any further due diligence).

The Developer is likely to secure at least a total level of commitment of 75% -100% of the senior debt funding requirement from each member of the arranging group.

More information about the commercial bank facilities is provided in Appendix A below.

#### Private Activity Bonds (PABs)

The successful proposer may utilize the tax-exempt capital markets to issue Private Activity Bonds. Further it is likely that any bond issue(s) may include current interest bonds, capital appreciation bonds, variable rate bonds and deferred interest bonds in a combination yet to be determined. The bond issue(s) may also include interest rate hedging products in conjunction with any of the above bond instruments.

For the purpose of this draft finance plan, TxDOT has not assumed the use of bank debt or taxable bonds, or private activity bonds.

For bond issuances, discuss the anticipated tax-status of the bonds, whether an IRS or bond counsel opinion has been sought, and contingency plans in the event that the tax-status differs from that which is anticipated.

It would be anticipated that if PABs were to be used the bonds issued through the conduit issuer would be tax-exempt.

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5. Supplementary Narrative on Revenue Source(s).

- a) Describe all revenue sources to be used to repay project financing. Specify the nature of the revenue source (dedicated or not dedicated), the expected rate(s), the base to which such rates will be applied (*e.g.*, retail sales, average daily traffic), projected revenues from each source, and projected increases or decreases in such revenues over time.

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The only identified revenue source for the Developer, aside from gains on refinancing and interest earnings on cash reserves, is toll revenue associated with Segment 1 of the Project.

This draft finance plan has been developed using annual traffic and toll revenue estimates that are based on traffic and revenue forecasts from the Wilbur Smith Associates (WSA) draft Level 2 T&R Study prepared for TxDOT dated June 2007.

**Annual Toll Revenue Summary**

As previously described, the tolled sections of this Project are to be operated as Managed Lanes. Once service commencement is achieved, Developer will have the right to set and collect tolls on the Managed Lanes, including the IH 820, IH 35W, and SH 183 in accordance with the Toll Regulation, attached hereto as Exhibit VIII.

Initial toll rates will be scheduled for the first six months of operation and will be market-based thereafter. Also refer to Exhibit VIII for a copy of the point in time estimates of tolled transactions, daily transactions, and revenue developed by WSA and then used to extrapolate annual projections of traffic and revenue.

**Summary of Anticipated Toll-Rate Adjustments Under the Toll Regulation:**

1. The Base Toll Rates (toll rates for single occupancy vehicles) will be set by Developer, but may not exceed the Base Toll Rate Cap during the initial 180 days after Service Commencement, without TxDOT's prior written approval.
2. After the initial 180 days after Service Commencement, Base Toll Rates may exceed the Base Toll Rate Cap, subject to performance-based limitations.
3. The Base Toll Rate Cap is currently set at \$0.75 per mile, and will be adjusted annually based on CPI beginning January 1, 2010.

**Tolling Revenue Summary**

The revenues assumed in the financial model were provided by Wilbur Smith Associates in their June 2007 report. The report provided several scenarios. The revenues assumed in the financial model are those based on a 50% discount for HOV2+ users. The 50% discount will be funded by the regional transportation council.



Preliminary – Subject to Change

| Year | Avg. Daily Trips | Toll Revenue (\$000) |
|------|------------------|----------------------|
| 2013 | 32,970           | 3,414,               |
| 2014 | 37,820           | 4,806,               |
| 2015 | 43,380           | 6,682                |
| 2016 | 45,290           | 7,265                |
| 2017 | 47,300           | 7,900                |
| —    | —                | —                    |
| 2058 | 147,070          | 86,846               |
| 2059 | 147,810          | 90,320               |
| 2060 | 148,540          | 93,933               |

- b) Elaborate on existing or anticipated pledges/claims on revenues and provide a brief summary of all claims on the flow of funds.

The finance plans prepared by the proposers in connection with the submission of their proposals will contain detailed information concerning the terms of their financing package, including the TIFIA financing.

- c) Attach documentation (*e.g.*, revenue studies, feasibility studies, traffic studies, and economic forecasts) as Exhibit VIII to provide the basis for projected revenues and their respective anticipated rates of change. If independent revenue projections have not yet been obtained, state when such independent projections will be completed and identify the consultant engaged to perform the analysis.

Exhibit VIII includes the following supporting documentation regarding the basis for projected revenues and rates of change:

- Wilbur Smith Associates (WSA) draft Level 2 T&R Study prepared for TxDOT dated June 2007.
- Toll Regulation

6. Proposed Terms for the Requested TIFIA Credit Instrument. Identify the type(s) of TIFIA credit instrument being requested (secured loan, loan guarantee, standby line of credit) and, at a minimum, the following proposed terms and conditions for each proposed credit instrument: amount, origination date, final maturity date, estimated interest rate, timing of disbursements, pledged security, repayment sources, amortization schedule, and lien position. The proposed terms and conditions should be submitted as Exhibit IX.

This application is requesting TIFIA credit assistance in the form of secured loan. The terms associated with the TIFIA facility will be further developed through discussions with USDOT and as set forth in the finance plans submitted by the proposers. Exhibit IX sets forth a Summary of Terms for the TIFIA loan which was used to develop the Finance Plan..

7. Reasons for Selecting the Proposed Type(s) of Credit Instrument. Describe why you are requesting the specific type(s) of TIFIA credit instrument. If you are requesting only a direct loan and/or a line of credit, specify the project's



financial structure if the TIFIA credit assistance was instead in the form of a loan guarantee, including the amount of guaranteed loan assistance that would be required.

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TxDOT is applying for TIFIA credit assistance in the form of a 39 year loan facility (4 years availability, followed by 35 years post service commencement), but the type of instrument used or combination would be determined by each of the proposers as part of their finance plan. TxDOT is modeling TIFIA as a significant source of long term capital on which Segment 1 of the Project is relying. The tenor and the terms assumed for the TIFIA loan amount to an attractive form of financing which lowers the weighted cost of performing Segment 1 of the Project which in turn will assist proposers in submitting competitive proposals that will minimize the need for other public funds. The base interest rate assumed for the TIFIA loan is 4.32%, the SLGS rate, with a 1 basis point margin. The weighted average cost of capital ("WACC") in the first year of operations is projected to be 6.93%. The TIFIA loan, with an all-in-rate of 4.33%, is significantly lower than the WACC, thus making it an attractive form of financing. TxDOT is also applying for a TIFIA loan because the proposers may wish to use tax exempt PABs in their financial plans. If the proposers do wish to use PABs, this would preclude the use of the federal loan guarantee.

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8. **Risks and Mitigation Strategies.** Identify risks to project completion and sufficiency of revenues. Sample risks might include cost escalation, approvals, litigation, construction schedules, ridership and traffic levels, availability of grant funding, and market access. Identify all mitigation strategies and any proposed cost-containment approaches (*e.g.*, design-build, value engineering, guaranteed maximum price and/or completion date, warranties, or other incentive/disincentive clauses).
-



Risks to be considered:

| <b>Risk</b>                            | <b>Mitigating Factors</b>  |
|--|--|
| Permits and approvals                  | Developer is responsible for securing all environmental permits and approvals, and compliance with the requirements thereof, with the regulatory agencies. TxDOT provided approvals are provided during the CDA procurement phase, all others are the responsibility of Developer. TxDOT reserves the right to review the documents and, depending on the regulatory agency, may be signatory on certain permit applications.  |
| Right of way acquisition               | <ul style="list-style-type: none"><li>• The Project will require acquisition of significant amounts of new right of way .</li><li>• TxDOT anticipates that the Developer will be responsible for the costs of acquiring all new right-of-way. TxDOT shall assist the Developer in the necessary acquisition of right-of-way, at the Developer's expense.</li></ul>   |
| Construction cost escalation           | Developer's proposal will be based on a fixed DB price. Developer is going to be responsible for any cost overruns, including those caused by cost escalation higher than the one assumed in the fixed price. It would be expected that the developer will transfer this risk to the DB subcontractor.   |
| Utilities                              | <ul style="list-style-type: none"><li>• TxDOT will provide and/or make available to the proposers the Subsurface Utility Engineering information and studies available related to utility investigations along the corridors. Verifying the completeness and the accuracy of this information and studies will be the responsibility of the Developer.</li></ul>   |
| Construction completion delays         | <ul style="list-style-type: none"><li>• Use of liquidated damages and cost of financing will help ensure the Developer manages to achieve service commencement by the planned date</li><li>• Independent Engineer to advise on whether requirements for substantial completion are met</li></ul>   |
| Litigation                             | <ul style="list-style-type: none"><li>• Comprehensive and thorough NEPA review and approval process</li><li>• TxDOT Commission minute order to confirm selection process</li></ul>   |
| Sufficiency of revenues/traffic levels | <ul style="list-style-type: none"><li>• Strong current local and regional demographics, anticipated growth and need for the Project</li><li>• Proposers to complete investment grade traffic and revenue studies which will be accepted by rating agencies and performed by internationally recognized firms</li><li>• Adequate debt coverage ratios and conservative amortization</li><li>• Toll rate adjustment structure that is market-based below a cap and performance-based above a cap</li></ul> |
| O&M cost escalation                    | <ul style="list-style-type: none"><li>• Toll rate adjustment structure that is market-based below a cap and performance-based above a cap</li><li>• If outsourced, financially viable, stable and well-capitalized suppliers are available</li></ul>   |
| Handback                               | <ul style="list-style-type: none"><li>• Developer required to provide plan and reserve to ensure return of project assets to TxDOT in accordance with all requirements</li></ul>   |



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|---|--|
| Access to capital markets/interest rate fluctuation (pre-financial close) | <ul style="list-style-type: none"><li>• TxDOT will assess the viability of the proposers financing plan</li><li>• TxDOT is providing protection for change in market interest rates between Proposal submission and commercial close</li></ul> |
| Interest rates (post financial close)                                     | <ul style="list-style-type: none"><li>• It is anticipated that the SPV will fully hedge any exposure to variable interest rates.</li></ul>   |



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Appendix A

Example Terms and Conditions of Commercial Bank Facilities

The key features of the terms and conditions are as follows:

- Drawdowns during the construction period will be made monthly in accordance with a standard certification process;
- Repayments will be paid on a semi-annual basis and commence at an agreed period following the end of the final construction completion date;
- Based on a 52 year concession length the tenor of the loan facilities will be in the region of 30-40 years;
- The repayment profile will be optimized within the financial model to maximize cash efficiency in line with the required financial covenants;
- The financial and general covenants are set out in the term sheets and are considered normal for this type of project financing;
- The senior lenders require a debt service reserve account capable of meeting six months debts service costs and a lifecycle reserve account to provide for future major maintenance;
- The security required is considered the market standard for a project financing of this nature in this sector.



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Appendix B

Example Terms and Conditions of Equity Subscriptions

The terms and conditions of ordinary share capital subscription by the shareholders will include:

- The shareholders will have dividend rights subject to the dividend control covenants imposed by the senior lenders under the loan documentation;
- Subscription will occur at financial close;
- The projected return sought by the SPV under this project will be (when combined with subordinated debt) an IRR of approximately 13.00%;
- Shares will have voting rights in line with an agreed Shareholders Agreement.

Dividend Rights Attaching to Subscriptions

To the extent that the senior lenders distribution tests are met then the shareholders can expect to receive dividend distributions in respect of their ordinary share capital investments subject to their being sufficient cash to make distributions and that the balance of retained earnings is positive.

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## **SECTION E: Applicant's Organizational Structure**

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This section requests narrative information and three exhibits. The list below should be included in the application packet with responses attached and numbered to correspond to the relevant item. Total narrative supporting Items E1 through E5 should not exceed 6 pages, excluding exhibits.

### **1. Applicant's Background Information and Legal Authority.**

- a) Describe the applicant's history, ownership, and legal structure (*e.g.*, state governmental agency, local governmental agency, corporation, or partnership). Include a copy of the statutory authority under which the entity was created as part of Exhibit X, if applicable.
- b) Describe the legal authority of the applicant to carry out proposed project activities described in the application packet, including levying taxes, issuing debt, charging tolls or other fees, and/or receiving dedicated funding from another entity. Provide documentation as part of Exhibit X.
- c) Identify whether governmental entities (other than the applicant) must approve the submission of the application packet, the funding of activities, or the carrying out of activities in the application (other than permits). Provide documentation as part of Exhibit X.

Each of the proposer teams will be required to provide this information in connection with their responses to the request for proposal. What follows is a description of TxDOT (and the Texas Transportation Commission as TxDOT's governing body) as the initial applicant.

### **The Commission**

The Texas Transportation Commission (Commission) began in 1917 as the "State Highway Commission." The State Highway Commission was created by the Texas Legislature for the purpose of adopting and implementing a comprehensive system of state highways and promoting the construction of a state highway system by cooperation with counties or independently. In 1975, the Legislature changed the name of the commission to the "State Highway and Public Transportation Commission." In 1991, the Legislature changed the commission's name to the current name. The Commission is the governing body of the TxDOT and is composed of five commissioners appointed by the Governor of the State of Texas with the advice and consent of the State Senate. Commissioners serve staggered six-year terms. One member is designated by the Governor as the Chair and serves as the chief executive officer of the Commission.

### **TxDOT**

TxDOT is a state agency created in 1917 as the "Texas Highway Department" by act of the Texas Legislature to administer federal funds for highway construction and maintenance. In 1975, the Legislature merged the Texas Highway Department with the Texas Mass Transportation Commission to form the State Department of Highways and Public Transportation. In 1991 the Legislature combined the State Department of Highways and Public Transportation, the Department of Aviation, and the Texas Motor Vehicle Commission to create TxDOT. TxDOT is headquartered in Austin, Texas, with 25 district offices and 27 divisions/offices located throughout Texas. Each district is responsible for the planning, design, construction, maintenance, and operation of its area's transportation systems. TxDOT is managed by an Executive Director, who is subject to and under the direction of the Commission.

### **Authority and Duties**

The general enabling law for the Commission and TxDOT is found in Chapter 201, Texas Transportation Code. The Commission is responsible for planning and making policies for the location, construction, and maintenance of a comprehensive system of state highways and public roads (Sec. 201.103). Among other varied duties, TxDOT is charged with developing and maintaining a statewide multimodal transportation network (Sec. 201.601).



TxDOT and the Commission have broad statutory authority relating to the planning and development of toll projects (Subchapter E, Chapter 223, and Chapter 228, Transportation Code), including the issuance of toll revenue bonds (Sec. 228.102), holding the proceeds of toll revenue bonds and revenue pledged to the payment of toll revenue bonds in trust outside the state treasury (Sec. 228.113), imposition of tolls (Sec. 228.053), enforcement of the payment of tolls (Sec. 228.054- 228.058), and receiving and pledging revenues from other sources (Secs. 201.206, 228.0055, 228.006, 228.104, 228.105, and 228.113). TxDOT has statutory authorization to enter into innovative agreements for the development of toll projects with public entities (Sec. 228.002), governmental entities including other states, the federal government, and the United Mexican States or a state of the United Mexican States (Sec. 228.003), and private entities (Subchapter E, Chapter 223). Subchapter E of Chapter 223 (Secs. 223.201-223.210) grants TxDOT authority in negotiating and entering into comprehensive development agreements to design, develop, finance, construct, maintain, repair, operate, extend, or expand certain highway projects.

Sec. 49-k, Article 3, of the Texas Constitution and Subchapter M, Chapter 201, Transportation Code, provide that money in the Texas Mobility Fund, a revolving fund constitutionally created to provide a method of financing the construction, reconstruction, acquisition, and expansion of state highways, may be used to provide participation by the state in the payment of part of the costs of constructing and providing publicly owned toll roads.

### **Submission Approval**

The submission of this letter of interest is not subject to the approval of any other entity. The Texas Transportation Commission approves TxDOT's budget each year. Except for toll revenue bonds issued to pay the cost of toll projects, the obligations of the Commission and TxDOT are subject to legislative appropriation. Neither the adoption of TxDOT's budget nor the expenditure of funds is subject to the approval of any other governmental entity.

### **2. Organization and Management.**

- a) Describe the applicant's organizational structure and the applicant's relationship to any subsidiaries or affiliates. Include the legal names of key principals and staff (*e.g.*, project manager and chief financial officer) and any recent or proposed changes to the organizational structure.
- b) Provide an organizational chart as Exhibit XI, to include the major parties involved in planning, owning, financing, constructing, operating, and/or maintaining the project. Include the major service contractors that have been, or will be, retained for the project (*e.g.*, architects, developers, engineers, attorneys, financial advisors and underwriters, environmental consultants). *Note: The DOT may request additional documentation from major parties other than the applicant as part of the project evaluation and selection process.*

This information was provided in preliminary form by each of the proposer teams in connection with the responses to the request for qualifications. The final organizational structure will be determined prior to selection.

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### **3. Prior Experience.** Describe the applicant's prior experience as it relates to carrying out projects similar to that being proposed.

This information was provided by each of the proposer teams in connection with the responses to the request for qualifications.

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### **4. Financial Condition.** Provide year-end audited financial statements for the past three years, as available, as Exhibit XII.

This information was provided by each of the proposer teams in connection with the responses to the request for qualifications.



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5. **Litigation and/or Conflicts.** Disclose any current, threatened, or pending litigation involving the applicant related to permitting, public involvement, environmental irregularities, construction defects, securities fraud, conflict of interest, failure to perform under a state or Federal contract, or other charges which may reflect on the applicant's financial position or ability to complete the project.

Each of the proposer teams will be required to provide this information in their responses to the request for proposals.

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**SECTION F: Applicant Certifications**

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The following items require certification by an authorized representative of the applicant requesting TIFIA assistance. The list below should be included in the application packet with responses attached and numbered to correspond to the relevant item. The DOT may require that applicants provide documentation of these certifications.

- 
1. Federal Requirements. This project complies with, and/or will comply with, the requirements of (check all that apply):

Title 23 of the U.S. Code, and implementing regulations in Title 23, Code of Federal Regulations. XX

Chapter 53 of title 49 of the U.S. Code XX

Section 5333(a) of title 49 of the U.S. Code XX

If the applicant intends to request waivers to any requirements included in the preceding citations, explain on an attached sheet.

- 
2. National Environmental Policy Act. The project complies with, and/or will comply with, all provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.). \*

Yes XX      No \_\_\_\_\_ If no, explain on an attached sheet.

The project has (check all that apply):

Yes \_\_\_\_\_ No \_\_\_\_\_ Received a Categorical Exclusion.

Yes XX      No \_\_\_\_\_ Received a Finding of No Significant Impact (FONSI).

Yes \_\_\_\_\_ No \_\_\_\_\_ Circulated a Draft Environmental Impact Statement.

Yes \_\_\_\_\_ No \_\_\_\_\_ Circulated a Final Environmental Impact Statement.

Yes \_\_\_\_\_ No \_\_\_\_\_ Received its Record of Decision. (If no, provide on an attached sheet the estimated date for receipt of the Record of Decision.)

\* See Section B, subsections 5 & 6.

- 
3. Uniform Relocation. This project complies with, and/or will comply with, all provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.).

Yes XX      No \_\_\_\_\_ If no, explain on an attached sheet.

- 
4. Civil Rights. This project complies with, and/or will comply with, all provisions of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.).

Yes XX      No \_\_\_\_\_ If no, explain on an attached sheet.

- 
5. Other Requirements as Applicable that apply to projects which receive Federal assistance such as the Federal Water Pollution Control Act as amended by the Clean Water Act (33 U.S.C. 1251 et. seq.), and the Endangered Species Act, (16 U.S.C. 1531 et. seq.). This project complies with, and/or will comply with, all other applicable provisions of Federal law.

Yes XX      No \_\_\_\_\_ If no, explain on an attached sheet.

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6. State Transportation Planning and Programming Process. This project is consistent with the long-range state transportation plan(s) of the affected state(s). \*

Yes XX No \_\_\_\_\_ If no, explain on an attached sheet.

If located in a metropolitan planning area, this project is included on the metropolitan transportation plan.

Yes XX No \_\_\_\_\_ If no, explain on an attached sheet.

This project is listed within the State Transportation Improvement Program (STIP) of the affected state(s).

Yes XX No \_\_\_\_\_ If no, explain on an attached sheet and provide estimated date for project listing on the STIP.

\* The proposed roadway improvements, including the managed lanes, have been incorporated within the most recent Metropolitan Transportation Plan developed for the Dallas-Fort Worth region ("Mobility 2030"). The recommendations contained within Mobility 2030 received a favorable air quality conformity determination by the U.S. Department of Transportation in June 2007.

7. Credit Ratings. This applicant has received preliminary rating opinion letter(s) or current credit rating(s) on the senior debt instrument, and if TIFIA is not the senior debt, on the TIFIA credit instrument, from one or more Nationally Recognized Statistical Rating Organizations. These letters or ratings are attached as Exhibit III.

Each of the proposers requesting TIFIA assistance will be required to submit a preliminary rating opinion with respect to any indebtedness in a lien priority senior to the TIFIA loan.

8. Transaction (Credit Processing) Fees: The undersigned certifies that it will reimburse the DOT for its costs incurred in negotiating the credit agreement, irrespective of whether the credit agreement is executed.

The selected proposer will be required to make this certification.

9. Lobbying. Section 1352 of Title 31, United States Code and 49 C.F.R. §20.100, provide that none of the funds appropriated by any Act of Congress may be expended by a recipient of a contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, or an employee of a Member of Congress in connection with the award or making of a Federal contract, grant, loan, or cooperative agreement or the modification thereof. The DOT interprets this provision to include the use of appropriated funds to influence or attempt to influence the selection for a secured loan, loan guarantee, or line of credit under the TIFIA program.

TIFIA applicants must file a declaration: (a) with the submission of an application for TIFIA assistance; (b) upon receipt of a TIFIA credit instrument (unless the information contained in the declaration accompanying the TIFIA application has not materially changed); and (c) at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the information contained in any declaration previously filed in connection with the TIFIA assistance.

A declaration filed in connection with the TIFIA assistance shall contain:

- a) The name of any registrant under the Lobbying Disclosure Act of 1995 who has made lobbying contacts on behalf of the TIFIA applicant.



- b) A certification by the person making the declaration that none of the funds appropriated by any Act of Congress has been or will be expended to pay any person for influencing or attempting to influence an officer or employee of the DOT or any Federal agency, a Member of Congress, an officer or employee of Congress, or employee of a Member of Congress with regard to the TIFIA assistance.

In addition, any person or entity that requests or receives a subcontract from a TIFIA applicant is required to file a declaration which shall contain the name of any registrant under the Lobbying Disclosure Act who has made lobbying contacts and a certification that the person or entity has not made or will not make prohibited payments.

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The selected proposer will be required to make this certification.

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The undersigned certifies, to the best of his or her knowledge and belief, that: (i) no federally appropriated funds have been paid or will be paid by or on behalf of the undersigned to influence or attempt to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with an award of TIFIA assistance; *and* (ii) if non-federally appropriated funds have been or will be paid for the above purposes, the undersigned will disclose such payments through the completion and submission of Standard Form LLL ("Disclosure Form to Report Lobbying"). The applicant shall file Standard Form LLL in accordance with its instructions. Submission of this statement with the TIFIA application is a prerequisite for obtaining TIFIA assistance.

Any person who makes an expenditure of appropriated funds prohibited by 31 U.S.C. 1352(a) or fails to file the required statement or amended statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure in accordance with 31 U.S.C. 1352(c).

The selected proposer will be required to make this certification.

- 
10. Debarment. The undersigned further certifies that it is not currently, nor has it been in the preceding three years: 1) debarred, suspended or declared ineligible from participating in any Federal program; 2) formally proposed for debarment, with a final determination still pending; 3) voluntarily excluded from participation in a Federal transaction; or 4) indicted, convicted, or had a civil judgment rendered against it for any of the offenses listed in the Regulations Governing Debarment and Suspension (Governmentwide Nonprocurement Debarment and Suspension Regulations: 49 C.F.R. Part 29.

The selected proposer will be required to make this certification.

- 
11. Default/Delinquency. The undersigned further certifies that neither it nor any of its subsidiaries or affiliates are currently in default or delinquent on any debt or loans provided or guaranteed by the Federal Government.

The selected proposer will be required to make this certification.



## *Application*

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**Signature:** By submitting this application, the undersigned certifies that the facts stated and the certifications and representations made in this application are true, to the best of the applicant's knowledge and belief after due inquiry, and that the applicant has not omitted any material facts. The undersigned is an authorized representative of the applicant.

Applicant: Texas Department of Transportation, as Initial Applicant

Signed: \_\_\_\_\_

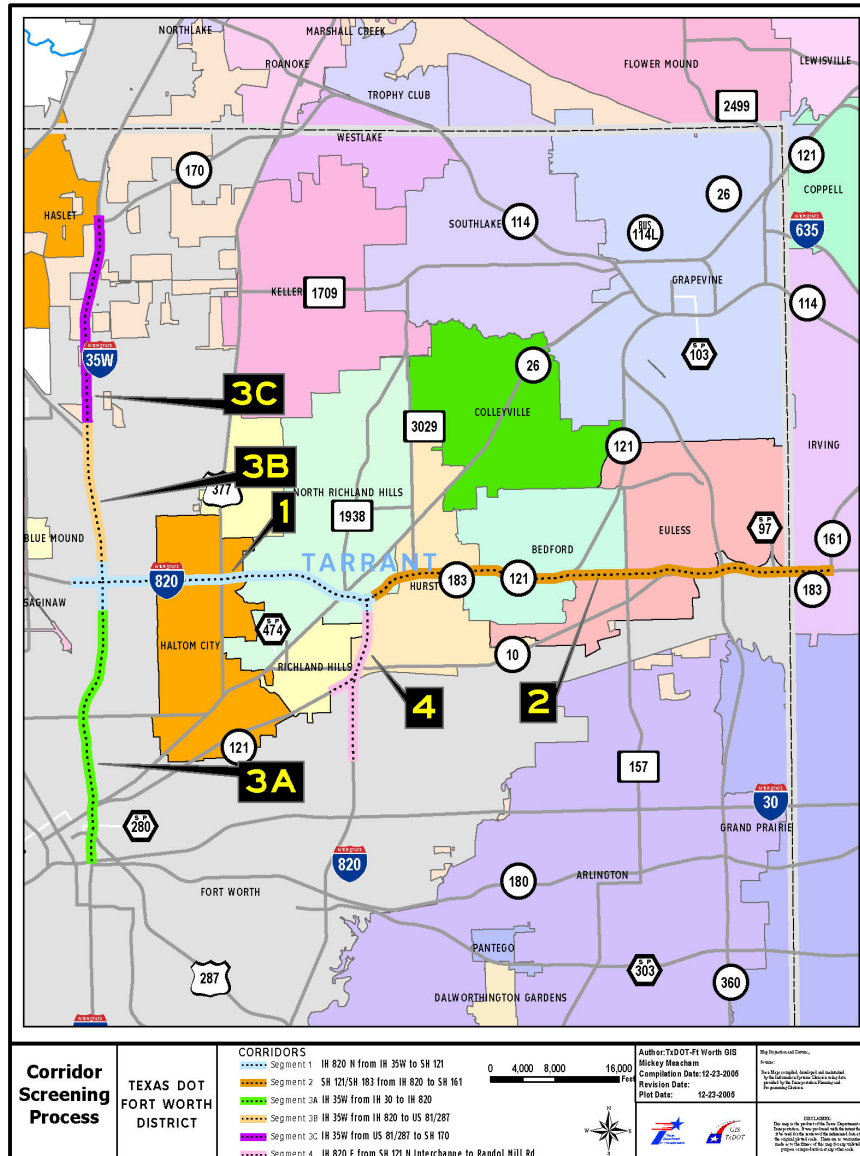
Name and Title: James Bass, Chief Financial Officer

Date: February 7, 2008

**END OF FORM**



## EXHIBIT I – MAP OF PROJECT





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## EXHIBIT V

### Short-listed Proposer Team Members

#### **B3 Connect Texas**

**Kay McKinley (Project Manager)**

**701 Brazos St., Ste 500**

**Austin, Texas 78701**

- Balfour Beatty Capital (Equity Member)
- Brisa Auto-Estradas de Portugal, S.A. (Equity Member)
- CH2MHill Inc.
- Balfour Beatty Construction Inc.
- CH2MHill Constructors Inc.
- Royal Bank of Canada Capital Markets
- Brisa Engenharia e Gestao, S.A.
- Balfour Beatty Infrastructure Services
- PHAROS
- Allen and Overy LLP
- Cambridge Systematics, Inc.
- Chiang, Patel and Yerby
- Pavlik and Associates

#### **Itinere Infrastructure, LLC**

**Fernando Ferreyra (Project Manager)**

**6701 Democracy Blvd., Suite 300**

**Bethesda, MD 20817**

- Itinere Infrastructure , LLC (Equity Member).
- Sacyr S.A.U
- Parsons Transportation Group
- Merrill Lynch & Co.
- Itinere Infrastrucuras, S.A.
- Infrastructure Corporation of America
- Somague Engenharia, S.A.
- Witherspoon Advertising & Public Relations
- IM Technologies
- Jones Day



**NTE Mobility Partners**

**Alberto Gonzalez (Project Manager)**

**7700 Chevy Chase Drive**

**Chase Park One, Suite 500**

**Austin, TX 78752**

- Cintra Concesiones de Infraestructuras de Transporte S.A. (Equity Member)
- Meridiam Infrastructure SICAR (Equity Member)
- Ferrovial Agromán S.A.
- Aguirre & Fields, LP
- W.W. Webber, LLC
- J.D. Abrams, L.P.
- Earth Tech, Inc
- Maunsell Australia Proprietary Limited
- AE Com
- Othon, Inc.

**OHL Infrastructure, Inc.**

**Robert Hombrados (Project Manager)**

**701 Brazos, Suite 320**

**Austin, TX 78701**

- OHL Concesiones, S.A. (Equity Member)
- OHL Construction
- TransSystems
- Dexia
- Bridgefarmer & Associates



## **Exhibit IX**

### **Proposed terms for Requested TIFIA Credit Instrument**

Type of Credit Instrument: Secured TIFIA loan

Amount: \$58,596,000

Origination date: financial model is based on an assumption of the first drawdown occurring in the semiannual period ending 31 December 2009.

Final maturity date: 31 December 2047. The maximum term of the TIFIA loan will be 35 years from the date of construction completion, assuming construction is complete within 4 years of first advancing TIFIA funding.

Interest rate: Annual interest rate of SLGS plus 1 basis point, paid semi-annually. Annual interest rate assumed in the financial model is 4.33%

Timing of disbursements: The timing and amount of drawdowns will be prorata with the other sources of finance assumed in the finance plan. Any drawdowns will be subject to the prior approval of the banks' technical adviser. Exhibit VIII provides further details on the timing and amounts of drawdowns.

Pledged security: The TIFIA facility will be secured by a fixed and floating charge on the assets of the project company as is typical for a project financing of this nature.

Amortization Schedule: The repayment profile currently assumed in the finance model assumes an amortization profile of growing "level" debt service. However, for several periods this profile has been adjusted due to the significant capital maintenance needs those years. Exhibit VIII provides further details.

Lien position: The TIFIA facility is assumed to be the sole debt facility will have a senior position in the cashflow waterfall.

Other details:

- The maximum allowable TIFIA facility will be 33.0% of eligible project costs.
- No interest will be paid during construction and for a period of five years after construction.
- Repayment of TIFIA facility must begin within 10 years of service commencement.
- No arranger fees will be charged, however the Developer will pay the cost of USDOT's advisors which are estimated at \$1 million.
- No standby fees will be levied on any undrawn TIFIA loan amounts.
- Aggregate debt service cover ratio (DSCR) for TIFIA and all instruments senior to TIFIA will be at least 1.25x.
- TIFIA facility will have an investment grade rating.
- Minimum cash reserves equal to 1 year debt service will be maintained.
- Liquidity facility in place to support cover ratios