Transportation Infrastructure Finance and Innovation Act
2019 Report to Congress
Letters of Interest Submitted Under the
Fixing America’s Surface Transportation Act

U.S. Department of Transportation
Introduction

Legislative History


Annual Reporting Requirement

Section 609(b) of Title 23 U.S.C., as amended by Section 2002 of MAP-21, requires the Secretary of Transportation (the Secretary) to submit an application process report to the Senate Committee on Environment and Public Works and the House Committee on Transportation and Infrastructure that includes a list of all letters of interest (LOIs) and applications received from project sponsors during the preceding fiscal year (FY). The Department of Transportation (the Department or DOT) created this report to fulfill the statutory requirement.

TIFIA Credit Program Background

TIFIA established a Federal credit assistance program for eligible transportation projects of national or regional significance under which the Department may provide three forms of credit assistance featuring maturities up to 35 years after substantial completion of the project—secured (direct) loans, loan guarantees, and standby lines of credit. Secured loans are direct Federal loans providing long-term financing of capital costs with flexible repayment terms. Loan guarantees provide full-faith-and-credit guarantees by the Federal Government of a portion of project loans made by institutional investors. Standby lines of credit represent secondary sources of funding in the form of contingent Federal loans that can supplement project revenues during the first 10 years of project operations.
The TIFIA program is intended to supplement existing financial markets and leverage substantial non-Federal public and private investment by providing flexible credit assistance to projects of national or regional significance to make critical improvements to the Nation’s surface transportation system. Private investment can be in the form of debt or equity. Debt can be in the form of bonds, sold as taxable or tax-exempt investments in the U.S. capital markets, or private bank loans.

To be eligible for credit assistance, a project must have at least $50 million in total costs (intelligent transportation systems may have total project costs of no less than $15 million, while transit-oriented development, rural infrastructure, and local infrastructure projects may have total project costs of no less than $10 million). Additionally, debt senior to TIFIA debt must be rated investment grade by two rating agencies (unless the project cost is less than $75 million), have dedicated revenues for repayment, and meet all applicable Federal requirements. DOT awards credit assistance to eligible applicants, which include State departments of transportation, transit operators, special authorities, local governments, and private entities. Highway, transit, passenger rail, certain freight facilities, certain port projects, transit-oriented development, and rural infrastructure projects may receive credit assistance through the TIFIA program. Rural infrastructure projects may also be eligible for TIFIA direct loans at a discounted interest rate of one-half of the Treasury rate, providing a significant additional incentive to support infrastructure project delivery.

**FAST Act – TIFIA Program Funding**

The FAST Act authorizes $1.435 billion in capital over five years for the TIFIA program: $275 million in FY 2016, $275 million in FY 2017, $285 million in FY 2018, $300 million in FY 2019, and $300 million in FY 2020 contract authority for the TIFIA program to cover the budgetary/subsidy cost of providing credit assistance. Historically, $1 of TIFIA program funds have, on average, supported a TIFIA loan of $16, based on the Department’s TIFIA credit subsidy cost model and TIFIA loan credit terms. However, after accounting for TIFIA’s portfolio experience and the latest publicly-available data for similar financings, the Department currently expects that $1 of TIFIA program funds can support a TIFIA loan of $35, on average, and result in infrastructure investment of up to $105, when accounting for other state, local, and private sector investments.
TIFIA Program Administration

The Secretary administers the TIFIA program through the National Surface Transportation and Innovative Finance Bureau (known as the Build America Bureau, or the Bureau) under the Office of the Under Secretary of Transportation for Policy. The Secretary established the Bureau on July 18, 2016, in accordance with the FAST Act. The Bureau is managed by an Executive Director reporting to the Under Secretary of Transportation for Policy.

The Bureau is intended to align, coordinate, and consolidate aspects of the Department's existing surface transportation innovative finance programs. The Department has implemented the changes to the TIFIA program structure under the FAST Act, including the terms and conditions under which the DOT can provide TIFIA credit assistance as well as the expansion of eligibility requirements and establishing a Credit Programs Office in the Bureau to administer the TIFIA program. These changes allow more projects to be funded with the addition of new categories of eligible projects, reduction in project cost thresholds to encourage smaller and rural projects, improvements to the application process, changes in the use of Master Credit Agreements, and expansions for the use of Federal funds for TIFIA, including for state infrastructure banks and public infrastructure.

The FAST Act also established the DOT Council on Credit and Finance (CCF) to provide policy direction and make recommendations to the Secretary regarding the selection of projects for credit assistance. The DOT CCF members include five representatives from the Office of the Secretary of Transportation (OST): the Deputy Secretary of Transportation (Chair), the Chief Financial Officer and Assistant Secretary for Budget and Programs (Vice-Chair), the Under Secretary of Transportation for Policy, the General Counsel, and the Assistant Secretary for Transportation Policy. The Administrators of the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), and the Federal Railroad Administration (FRA) also sit on the DOT CCF. Additionally, the Secretary may designate up to three DOT officials to serve as at-large members of the DOT CCF.

TIFIA Review Process

The TIFIA statute established a multi-step process for TIFIA credit assistance beginning with the submission of an LOI. There is no defined period when a project sponsor can submit an LOI, as they may be submitted on a rolling basis. The Bureau recommends, however, that project sponsors consult the Bureau before submitting an LOI, to ensure that all relevant programmatic requirements are met and initial risk assessments are completed. The initial LOI eligibility review is intended to identify major statutory, regulatory, financing or timing issues that would
prevent the project from receiving TIFIA assistance. This ensures that all key project elements are in place for an efficient underwriting process. Once these milestones are complete, the DOT can expeditiously accept the LOI, and formally move the project into the credit underwriting process.

The Bureau has worked to improve the expediency and clarity of the review process by making template documents available on the TIFIA website, including: (1) a program guide, updated to reflect changes under the FAST Act, that provides information about eligibility, credit terms, the application and selection process, and typical monitoring and oversight requirements; and (2) a TIFIA Loan Agreement template that provides TIFIA’s standard loan terms, gives project sponsors a clear idea of DOT’s requirements, and provides an opportunity for sponsors who wish to move through the TIFIA process quickly the ability to streamline negotiations.

It is important to note that the speed by which projects advance through the TIFIA credit assistance process is dependent, in part, on the ability of project sponsors to provide required financial information and utilize TIFIA’s standard loan terms. The Bureau works closely with project sponsors to ensure that the requirements of each phase can be met in a timely and thorough manner, while balancing the burden on project sponsors with the need to safeguard Federal resources. By providing this information in advance and better informing project sponsors about DOT’s expectations and requirements, projects move more quickly through the review process.

**Letter of Interest**

Each potential applicant must submit a detailed LOI when the project is ready to proceed. The LOI allows potential applicants to describe the project (including location, purpose, and cost), demonstrate the project sponsor’s ability to meet the requirements related to satisfying the project fundamentals, detail how the TIFIA statutory eligibility requirements are met, and outline the proposed financial plan, including the requested TIFIA credit assistance. The Bureau reviews submitted materials to determine whether the project meets the requirements for TIFIA participation and will subsequently contact the potential applicant to review the project’s eligibility and readiness to apply for credit assistance. The initial eligibility review of an LOI is intended to identify any major statutory, regulatory, financing, or timing issues that would prevent the project from receiving TIFIA credit assistance.

**Creditworthiness Review**

After determining that the project is reasonably likely to satisfy all the eligibility, creditworthiness, and readiness requirements of the TIFIA Program, the Bureau will invite the project sponsor to give an oral presentation on the project and its plan of finance to the DOT followed by a question and answer session.
The creditworthiness review involves evaluation of the plan of finance, financial model, and feasibility of the anticipated pledged revenue. Associated with this review, the Bureau will request project sponsors provide any additional materials necessary to facilitate its review of the project’s creditworthiness. As an integral part of the project review and selection process, the DOT relies on external financial and legal professionals to help the DOT evaluate the proposed credit assistance terms and creditworthiness of the borrower. In most cases, the Bureau requires a project sponsor to submit an upfront payment to the DOT to reimburse it for the costs incurred for services provided by its outside financial and legal advisors relating to the review of the TIFIA LOI and application and the negotiation of the TIFIA transaction documents. The Bureau’s legal and financial advisors ensure that the office can perform needed reviews in a timely and thorough manner.

The DOT is nearing completion of a long-term project to update the Bureau’s website to increase transparency to stakeholders throughout the project review stage. The updated website will include information regarding projects that have submitted letters of interest under the FAST Act, which will be made available at: https://www.transportation.gov/buildamerica/.

**Application**

Once the Bureau has completed its review of a project’s eligibility, including a satisfactory review of the project’s creditworthiness, the DOT will invite project sponsors to submit a formal application with all required materials. This includes a demonstrated capacity to repay the Federal credit assistance, as well as a determination that the project has appropriate security features, such as appropriate coverage ratios, rate covenants and reserves, as applicable. The DOT will not review incomplete applications or applications for projects that do not fully satisfy TIFIA requirements.

As required by statute, the DOT must notify a project sponsor whether or not its application is complete within 30 days of receipt. Once the DOT has determined an application to be complete, the Secretary is also required by statute to notify an applicant whether the application has been approved or disapproved.

**Program Benefits**

**Overview**

As part of the TIFIA LOI and application process, project sponsors are required to demonstrate the anticipated benefits that their project will generate locally, regionally and/or nationally. Project
benefits vary widely, but generally include the following: economic development, job creation, transportation safety, environmental improvement, traffic congestion reduction, among others.

The TIFIA program has played a significant role in delivering infrastructure projects. Since its launch in 1998 through the end of FY 2019, the TIFIA program had financed 79 diverse projects across the U.S., including 5 intermodal projects, 52 highway projects, and 22 transit projects. As of September 30, 2019, the TIFIA program’s portfolio represents over $114 billion in infrastructure investment spread across the country. The Bureau continues to increase its investment and expand its TIFIA portfolio into new states and municipalities. The TIFIA program’s portfolio spans all regions in the country, covering a total of 22 states, plus the District of Columbia and Puerto Rico.

The TIFIA program accelerates delivery of significant transportation projects throughout the United States. It facilitates projects that would otherwise be delayed or deferred because of lack of funding. By stimulating investment in the country’s transportation infrastructure, the TIFIA program improves the economy – creating jobs, improving mobility and enhancing transportation options, helping American businesses improve productivity and competitiveness, and improving access to opportunities in local communities.

Benefits of Recent Projects

Fiscal Year 2019

In FY 2019, the Department extended over $1.5 billion in credit assistance through four loans that will help finance $6.2 billion in transportation infrastructure investment across the U.S. The Grand Parkway Segments H&I Project is one example.

Grand Parkway Segments H&I Project: The Department approved a loan of up to $605.3 million to the Grand Parkway Transportation Corporation (GPTC) in February 2019 to support the financing of the $1.9 billion Segments H&I Project to construct of a total of 43.6 miles of new highway construction in the Greater Houston area, developing the next sections of a proposed 184-mile circumferential tollway known as the Grand Parkway. The Segments H&I Project seeks to increase connectivity between existing employment and residential areas, as well as to alleviate current congestion while also accommodating anticipated future population growth. The Segments H&I Project is being developed, funded, constructed, operated, and maintained by the GPTC, and builds upon the Grand Parkway Segments D-G Project that was financed in part by an $840.6 million TIFIA direct loan in 2014. Substantial project completion is expected in 2022.
Fiscal Years 2020 and 2021 Pipeline

The Department has a robust and active pipeline of twelve projects from around the country in various stages of the creditworthiness review process as of December 1, 2019. The Department is actively reviewing these projects, estimated to add $15.7 billion in infrastructure investment when constructed.

Beneficial Impacts to the American Public

The TIFIA program helps accelerate delivery of significant transportation projects throughout the U.S. By stimulating investment in the country’s transportation infrastructure, the TIFIA program positively impacts the economy, creates jobs, and improves access to opportunities.

Stimulating Significant Economic Benefits

TIFIA credit assistance provides improved access to capital markets, flexible repayment terms, and more favorable interest rates than can be found in private capital markets for similar instruments. In this way, the TIFIA Program can help accelerate delivery of qualified projects that otherwise might be delayed or deferred because of size, complexity, or uncertainty over the timing of revenues. Phase III of the Manor Expressway Project in Austin, Texas is one such example:

Manor Expressway (290E) Phase III Project: In March 2019, the Department closed a $46.9 million loan to the Central Texas Regional Mobility Authority for the project to add three direct connectors to complement the single existing direct connector. US 290 is a vital east-west commuter and freight route, as well as a hurricane evacuation route, and the Project will relieve congestion on frontage roads, also improving safety and providing a reliable option for transit and emergency vehicles.

Accelerating Project Delivery

Ultimately, the most beneficial impact of TIFIA may be its ability to accelerate delivery of transportation infrastructure. TIFIA can expedite the financing and accelerate the delivery of a project which may otherwise not be built until years into the future. In some cases, TIFIA assistance is essential to the viability of a project’s financial plan. For example, without the interest cost savings or flexible repayment terms of a TIFIA loan, a given revenue stream may be insufficient to support a given project. In other cases, a public project sponsor may have access to adequate revenue and private capital markets to finance the project, but TIFIA assistance helps advance the project more quickly and at a lower cost, freeing up resources to tackle other infrastructure projects. An example is the San Bernardino County Transportation Authority’s (SBCTA) I-10 Corridor Contract 1 Project in San Bernardino County, California.
I-10 Corridor Contract 1 Project: In April 2019, the Department closed a $225 million loan to the San Bernardino County Transportation Authority to support the development of the I-10 Corridor Contract 1 Project, which will widen the existing I-10 highway between the Los Angeles/San Bernardino County line and I-15 approximately 10 miles, and includes the construction of two tolled express lanes in each direction that will be managed through dynamic congestion pricing to maintain free-flow operation, while allowing free HOV 3+ use. Without TIFIA financing, SBCTA indicated that the project could have been delayed 10 years or more, and substantial project completion is expected in 2023.

Attracting Private Debt and Equity
In addition to stimulating new revenue streams, TIFIA credit assistance can help attract private debt and equity participation to transportation projects. Anecdotally, a majority of large-scale P3 highway and transit projects delivered in the U.S. have utilized TIFIA financing. TIFIA has been an integral part of P3s in the U.S., with approximately one-quarter of the TIFIA Program’s portfolio funded as P3 projects.

Enhancing Economic Competitiveness
By facilitating projects that would have been delayed or deferred, the TIFIA Program is helping to modernize our transportation system, thereby creating access to opportunities that will advance communities and help American businesses compete and grow in the global economy. The TIFIA program accelerates project delivery by stimulating new revenue streams for transportation projects and attracting private investment. Furthermore, TIFIA funding leverages limited Federal funds, so that a relatively small Federal commitment will stimulate a large amount of State, local, and private investment.
FAST Act Letters of Interest and Loan Applications

The following is a summary of activity on the LOIs and loan applications received from project sponsors during FY 2019. Summary tables are included on the following pages.

Letters of Interest

The Department received nine LOIs from project sponsors seeking approximately $1.8 billion in TIFIA credit assistance during FY 2019. DOT has seen growing interest in credit assistance from States that had not previously used TIFIA credit assistance, including Alabama and Oklahoma, for an array of projects across urban, suburban, and rural communities. Of these nine LOIs, five were submitted for highway projects, and four were submitted for transit projects.

Loan Applications

During FY 2019, the Department received five applications requesting nearly $1.9 billion in TIFIA direct loans from project sponsors that the DOT formally invited to apply. The Department approved all five applications as noted in the following table.

The summary tables at the end of this report list each project’s name, modal type, sponsor, location, LOI receipt date, application submission date, application completeness notification date, and application approval date. We also attached to the Report, copies of correspondence with project sponsors.
### TIFIA Letters of Interest Received During FY 2019

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Project Type</th>
<th>Project Sponsor</th>
<th>Location</th>
<th>Requested Assistance (in MM)</th>
<th>Date LOI Received</th>
<th>Date Application Received</th>
<th>Notice of Application Completeness</th>
<th>Notice of Application Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazoria County Expressway Project</td>
<td>Highway</td>
<td>Brazoria County Toll Road Authority</td>
<td>Brazoria County, Texas</td>
<td>$30</td>
<td>1/28/2019</td>
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<td>N/A</td>
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</tr>
<tr>
<td>- Honolulu Rail Transit Project</td>
<td>Transit</td>
<td>Honolulu Authority for Rapid Transportation</td>
<td>Honolulu, Hawaii</td>
<td>$600</td>
<td>4/30/2019</td>
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<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Lincoln South Beltway</td>
<td>Highway</td>
<td>Nebraska Department of Transportation</td>
<td>Lincoln, Nebraska</td>
<td>$108</td>
<td>6/19/2019</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Vine Transit Maintenance Facility</td>
<td>Transit</td>
<td>Napa Valley Transportation Authority</td>
<td>Napa, California</td>
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<td>7/11/2019</td>
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<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Red and Purple Line Modernization</td>
<td>Transit</td>
<td>Chicago Transit Authority</td>
<td>Chicago, Illinois</td>
<td>$622</td>
<td>8/1/2019</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>RTA Ops. and Maint. Facility</td>
<td>Transit</td>
<td>San Luis Obispo RTA</td>
<td>San Luis Obispo, California</td>
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</tr>
<tr>
<td>Nice-Middleton Bridge Replacement Project</td>
<td>Highway</td>
<td>Maryland Transportation Authority</td>
<td>US301 at Maryland/ Virginia border</td>
<td>$250</td>
<td>8/13/2019</td>
<td>N/A</td>
<td>N/A</td>
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</tr>
<tr>
<td>North County Corridor Project</td>
<td>Highway</td>
<td>County of Stanislaus, California</td>
<td>Stanislaus County, California</td>
<td>$32</td>
<td>8/29/2019</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>New Jersey Infrastructure Bank</td>
<td>Highway</td>
<td>New Jersey Infrastructure Bank</td>
<td>New Jersey</td>
<td>$75</td>
<td>9/10/2019</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

1 Upon a positive due diligence and creditworthiness evaluation, the Bureau may issue a formal invitation to apply for TIFIA credit assistance to the project’s sponsor.

2 Requested TIFIA credit assistance amounts are derived from original LOI requests. Project sponsors retain the flexibility to modify the requested amount of assistance throughout the review process, and project costs are subject to eligibility review. As such, final loan amounts may vary from the amount of the original request.

3 Noted projects were invited to the Bureau’s creditworthiness review phase as of December 1, 2019. Other LOIs for projects whose sponsors have not withdrawn from the process are still under Bureau review and may be invited to the Bureau’s creditworthiness review phase at a later date.
<table>
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<th>Notice of Application Approval</th>
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</thead>
<tbody>
<tr>
<td>Grand Parkway Segments H&amp;I</td>
<td>Highway</td>
<td>Texas Department of Transportation</td>
<td>Houston, Texas</td>
<td>$605.3</td>
<td>10/19/2015; 4/26/2018</td>
<td>11/6/2018</td>
<td>12/12/2018</td>
<td>2/11/2019</td>
</tr>
<tr>
<td>Manor Expwy (290E) Phase III</td>
<td>Highway</td>
<td>Central Texas Regional Mobility Authority</td>
<td>Austin, Texas</td>
<td>$46.9</td>
<td>8/21/2017; 5/25/2018</td>
<td>1/11/2019</td>
<td>2/11/2019</td>
<td>2/19/2019</td>
</tr>
</tbody>
</table>

4 Requested TIFIA credit assistance amounts are derived from loan applications. At financial close, the TIFIA loan may be up to an amount that is lower than the loan amount requested in the loan application as a result of final reviews of eligible project costs.

5 When two dates are listed, the first date is that of DOT’s initial receipt of the project sponsor’s LOI, and the second date reflects DOT’s receipt of sufficient additional creditworthiness information from the project sponsor which allowed the Bureau to continue its creditworthiness evaluation.