



**HIGH PERFORMANCE TRANSPORTATION ENTERPRISE
I-25 NORTH EXPRESS LANES PROJECT
REQUEST FOR PROPOSAL – DIRECT BANK LOAN**

REQUEST RELEASE: DECEMBER 4, 2015

SUBMISSION DEADLINE: DECEMBER 10, 2015 @ 2:00 PM (Mountain)

Summary of Request

The High Performance Transportation Enterprise (“HPTE”) is soliciting Direct Bank Loan (the “Loan”) proposals from qualified financial institutions to finance a portion of the construction costs associated with the I-25 North Express Lanes Project, Segment 3 (“I-25 North” or the “Project”) being undertaken by the Colorado Department of Transportation (“CDOT”). This procurement will be conducted as a solicitation under HPTE’s Project Procurement Guidelines, with the selection of the winning bidder based on a proposal determined to be the most advantageous to the State of Colorado (“State”) and HPTE, based on confirmation of agreement of the lending terms described below and on indicative pricing provided based on these same lending terms below.

Project Description and Construction Plan¹

The I-25 North Express Lanes, Segment 3, offer a high-value, low-cost investment that would ensure sustainable congestion relief in the northern Denver metropolitan area. The northern segment of I-25 is one of the most congested corridors in the metropolitan area with traffic jams spanning nearly four hours during morning and evening peak periods with traffic operating at 15 miles per hour verses the posted 55-65 miles per hour speed limit.

The I-25 North Express Lanes, Segment 3, expand the regional network of transit by providing a direct link from Denver’s northern metropolitan region to the region’s primary multimodal hub at Denver Union Station. These lanes also connect to a coordinated system of managed lanes; connecting to the existing I-25 Express Lanes to the south and the soon-to-be-completed US 36 Express Lanes and Bus Rapid Transit Project between Denver and Boulder to the west.

The I-25 North Express Lanes, Segment 2, from US 36 to 120th Avenue, are currently under construction with an estimated in-service/completion date in early 2016.

Request for Proposals Anticipated Timing

- Proposal Issue Date: December 4, 2015
- Proposal Due Date: December 10, 2015 (2:00pm, Mountain)
- Estimated Selection of Preferred Bank: December 11, 2015
- Transportation Commission Approval: December 17, 2015
- Estimated Closing: January 6, 2016²

¹ <https://www.codot.gov/programs/expresslanes/corridors/i-25-north>

² Please note, this closing date represents earliest possible closing and actual timing will be determined after more clarity on project timing requirements from the FHWA. Closing could occur as late as Q2 or Q3 in 2016.

Plan of Finance

The majority of the construction costs are funded through CDOT annual revenue appropriations. HPTE intends to finance up to \$35 million on an interim/construction basis. HPTE will pledge all Available Toll Revenues³, defined as gross toll revenues net of toll processing costs, to the repayment of the Loan. While Available Toll Revenues are intended to be the primary source of payment, it is anticipated that CDOT will provide credit enhancement to the Loan. Such enhancement is expected to take the form of an agreement by the Transportation Commission, subject to annual allocation, to make loans to HPTE to cover any shortfall in debt service, as described in the Indicative Terms and Conditions. When feasible, it is HPTE’s intent to refinance this Loan with long-term toll revenue bonds or other alternative financing tools (such as TIFIA).

Terms and Conditions

Borrower	The High Performance Transportation Enterprise, a government-owned business and a division of the Colorado Department of Transportation. HPTE is currently an “enterprise” for purposes of the State’s constitutional TABOR debt limitations.
Facility Type	Direct Bank Loan to fund the costs of construction for Segment 3 of the I-25 North Express Lanes Project.
Tax Status	Federal and State tax-exempt.
Facility Amount	Up to \$35,000,000.
Initial Loan Term	Initial 7 year fixed rate from the date of closing, with a long-term amortization of up to 30 years, for purposes of estimating debt service throughout the Loan.
Facility Term-Out Amortization	HPTE does not anticipate any principal redemption during the initial term of this Loan. HPTE currently anticipates that the Loan will be structured with a 3-year term-out amortization after the initial 7 year fixed rate period.
Take-Out / Permanent Financing	HPTE anticipates undertaking a takeout, permanent financing within a 5-7 year schedule. The exact timing of this financing cannot be determined at this time, but will depend on the Project’s performance, the market for the takeout financing, and the potential availability of other long-term financings tools, such as TIFIA.
Security	<p>HPTE and CDOT will enter into an Inter-Agency Agreement (the “IAA”) whereby the Transportation Commission will, subject to annual allocation, make a loan to HPTE to replenish shortfalls in a debt service account associated with the payment of principal, interest and any fees associated with the Loan.</p> <p>The Loan will be secured by, and payable from, (i) an irrevocable senior lien on Available Toll Revenues generated by the I-25 North Express Lanes Project and (ii) payments made by CDOT to HPTE pursuant to the IAA, with such payments being subject to annual allocation by the Transportation Commission. If the Transportation Commission declines to allocate moneys to make such a Loan, the lender will have no further recourse against CDOT or the Transportation Commission.</p>

³ Ernst and Young Infrastructure Advisors, LLC and CDM Smith have been engaged by HPTE to evaluate, respectively 1) the financial viability of the Project and 2) the Traffic and Revenue expectations for the Project. Their materials will not be available at this time to prospective lenders. In November 2013, CDM Smith prepared an Exploratory Level 1 study, which will be made available to the selected firm from this procurement process. Note that a Level 3 “Investment Grade” study will not be performed for this Project.

TABOR Considerations	For HPTE to be able to incur the Loan without voter approval under TABOR (Article X, Section 20 of the Colorado Constitution), revenue projections for the Project must demonstrate that any such Loan from CDOT would not need to be called upon or that, if required to be called upon, would be expected to be repaid with applicable interest in accordance with its terms (on a basis subordinate to the repayment of the Facility being sought from proposers).
Trustee	All monies allocated by the Transportation Commission to HPTE for the Loan and all Available Toll Revenues shall be deposited in a collateral account held by a trustee or depository acceptable to the Lender.
Loan Interest	Interest on the Loan will have a first claim on Available Toll Revenues. In years where Available Toll Revenues are insufficient, HPTE intends to capitalize those unpaid amounts into the loan principal balance.

Proposal Response Criteria

1. Name and contact information of primary firm contact person. (Maximum Response: 1 page)
2. Briefly describe the firm’s transportation finance experience, the firm’s experience with CDOT and/or tolling sector in particular. (Maximum Response: 1 page)
3. Provide feedback on the following topics for your firm (Maximum Response: 1 page per topic):
 - a. Affirm your institution’s capacity for an initial fixed rate loan for 7 years and up to \$35 million backed by Available Toll Revenues and subject to the CDOT credit enhancement through the IAA.
 - b. Discuss your firm’s ability to capitalize interest payments, which would increase the Loan balance, over the initial term of the Loan.
 - c. Discuss your firm’s ability to structure a Loan with a 30-year stated amortization (initial term plus the stated term-out provision), but with an expected take-out financing in 5-7 years. Specifically discuss call provisions, step-up provisions, hard “put” dates, or other methods which would incentivize a refinancing by HPTE.
 - d. Will the Loan be made directly by the proposing financial institution? If the proposing financial institution will seek to place the loan with another financial institution, what, if any, disclosure will CDOT/HPTE be required to prepare? Describe your firm’s needs with respect to credit ratings (if any), Loan documentation and ongoing financial reporting.⁴
4. Please provide your firm’s Loan pricing based on the terms and conditions described above, as of December 7th, 2015. Include any relevant pricing spreads used to calculate the proposed interest rate for the Loan.
5. Please include any additional information unique to your firm or your proposed approach to this financing that you believe is relevant to evaluating your firm’s qualifications. (Maximum Response: 1 page)
6. Compliance Information. Please note that this section has no page limit. Clearly indicate / state / disclose each of the following:
 - a. Compliance with MSRB Rule G-37. Any regulatory inquiry relating to the proposing firm’s compliance with MSRB Rule G-37.

⁴ Please note that HPTE intends to close on the Loan in a time-efficient manner. In the event that credit ratings and additional documentation are required by your firm, please describe the benefit to HPTE of your firm’s approach.

- b. Any delinquent State or local tax or outstanding fee that has occurred in the previous three years.
- c. The firm should summarize any pending or completed regulatory or judicial action from its SEC Form ADV that would directly affect the services requested in this RFP.

An evaluation committee appointed by the Director of HPTE will, on the basis of the proposal responses determined to be the most advantageous to the State and HPTE. The evaluation committee will select the proposal that provides the best overall value to HPTE and the State. The evaluation committee's selection is not subject to challenge or protest. The evaluation committee at any time may decide to select any proposal, or no proposal at all.

Proposal Terms and Conditions

- CDOT/HPTE is aware of the Municipal Advisor (MA) Rule and has provided an IRMA letter on its website.⁵
- CDOT/HPTE will not reimburse any firm for costs associated with responding to this RFP.
- CDOT/HPTE reserves the right to reject any or all proposals, to conduct interviews, and to negotiate final terms with proposers.
- Nothing in this RFP, the responses, or in the acceptance of any responses, in whole or in part, shall oblige CDOT/HPTE to complete negotiations with the selected financial institution.
- CDOT/HPTE reserves the right to end, in its sole discretion, negotiations with a financial institution at any time up to the consummation of the transaction arising from this RFP.
- CDOT/HPTE will not indemnify banks for any reason.

Proposal Questions

All questions should be directed to David Spector, Director, HPTE; responses will be circulated to all Proposers. Proposers are disallowed from contacting others at the State, CDOT, HPTE, Stifel, Ernst & Young and/or CDM Smith during this evaluation period.

Proposal Due Date

Proposals are due no later than December 10, 2015 at 2:00 PM (Mountain). Late proposals will not be accepted. All proposals must be signed by an officer authorized to commit and negotiate on behalf of the financial institution.

Proposals should be delivered electronically (only) to the following:

David Spector, Director
HPTE
David.spector@state.co.us
(303) 757-9607

Maria Sobota, CFO
CDOT
maria.sobota@state.co.us
(303) 757-9171

Brett Johnson, Director
OMPD
Brett.j.johnson@state.co.us
(303) 757-9168

Thank you for your interest in this important financing.

⁵ CDOT's IRMA Disclosure Letter is publicly available at
<https://www.codot.gov/business/CDOTIRMADisclosureCertDRAFTV.1.pdf>