

***Fiscal Year 2015 Letter of Interest Form***

All projects wishing to apply for Transportation Infrastructure Finance and Innovation Act (TIFIA) credit assistance must first submit a Letter of Interest using this revised form. Pursuant to the recently enacted Moving Ahead for Progress in the 21st Century Act (MAP-21), the application process, which includes the submission of Letters of Interest, will now be conducted on a rolling basis by the Department of Transportation (DOT). Applicants for Federal credit assistance must complete an acceptable Letter of Interest and meet all eligibility criteria to be permitted to submit a formal application.

Projects that previously submitted Letters of Interest for a prior fiscal year's funding, but have not been asked by DOT to submit an application as of July 27, 2012, must submit a new Letter of Interest. In the context of a public-private partnership, where multiple bidders may be competing for a concession such that the obligor has not yet been identified, the procuring agency must submit the project's Letter of Interest on behalf of the eventual obligor. DOT will not consider Letters of Interest from entities that have not obtained the legal rights to develop the project.

This revised Letter of Interest form reflects changes made to the TIFIA program by MAP-21. To be considered for TIFIA assistance, projects must submit a Letter of Interest that: (i) describes the project and the location, purpose, and cost of the project, (ii) outlines the proposed financial plan, including the requested credit assistance and the proposed obligor, (iii) provides a status of environmental review, and (iv) provides information regarding satisfaction of other eligibility requirements of the TIFIA credit program. Please reference the Notice of Funding Availability posted in Summer 2012 in the Federal Register. At this time, the TIFIA Program Guide is being updated. Please check the TIFIA website regularly to identify updated program guidance, Letter of Interest, and application materials. Applicants should refer to the TIFIA website often to ensure that the most up-to-date Letter of Interest form is used (file date is included in the footer).

DOT will review each Letter of Interest and may contact project sponsors for clarification of specific information included in the Letter of Interest. DOT will notify project sponsors if DOT determines that their projects are not eligible, or if DOT will not be able to continue reviewing their Letter of Interest until eligibility requirements are addressed. If DOT does not determine a project to be ineligible based on its initial review, DOT will request additional information to supplement the Letter of Interest and complete its eligibility determination. This information may include, among other things, more detailed descriptions of the project, applicant and its organizational structure, the project's readiness to proceed, the project's financial plan (including financial model), revenue feasibility studies, and financial commitments to the project from sources other than TIFIA. DOT will also request that the applicant provide a preliminary rating opinion letter at this time and the project sponsor will be required to submit a fee to continue the evaluation process. Once the fees have been received, DOT will engage an independent financial advisor to prepare a report and recommendation acceptable in form and substance to DOT. DOT may also engage an independent legal advisor to help complete its evaluation of a project's eligibility.

The increased demand on TIFIA's resources has led to the discontinuation of the practice of advancing the entire cost of financial and legal advisors engaged to assist DOT in determining a project's creditworthiness and overall eligibility and having those costs reimbursed to DOT after execution of a credit agreement. As such, upon request, project sponsors must pay fees in the amount of \$100,000 before DOT hires financial and/or legal advisors as part of the Letter of Interest review process. These fees are due upon request. Additional fees will be charged after the credit instrument is executed, including additional amounts required to fully cover TIFIA's financial and legal advisory services costs in connection with the evaluation and negotiation of the terms of TIFIA credit assistance for the project. By submitting this Letter of Interest, the applicant certifies that it will pay all required fees.

After concluding its review of each Letter of Interest and related information submitted by the project, along with the independent financial analysis report from DOT's independent financial advisor, DOT will permit sponsors of eligible projects to submit complete applications. DOT will conduct a rolling application process where project sponsors may submit Letters of Interest at any time and DOT will permit project sponsors to apply once a favorable eligibility determination is made.

The boxes below expand as needed to facilitate provision of a sufficient amount of detail to demonstrate to DOT the project's satisfaction of all eligibility criteria. If you have questions regarding completing this form, please contact the TIFIA program office at (202) 366-1059. Please complete all applicable information using this Letter of Interest form and attach this request via email to TIFIAcredit@dot.gov.

A) Describe the Project, Location, Purpose, and Cost of the Project.

1. Describe the project:

The Colorado Department of Transportation (CDOT) and the High Performance Transportation Enterprise (HPTE) are undertaking a large-scale project to add a new managed lanes facility (the “C-470 Express Toll Lanes”) to the median of the C-470 freeway and perform certain improvements to the existing general purpose lanes (the “Project”). C-470 is a key commuting corridor and constitutes the only east-west arterial for the residents of southwestern Denver’s metropolitan region and “beltway”.

C-470 is 26-mile, four-lane freeway in the southwestern portion of the Denver metropolitan area connecting Interstate 70 (I-70) to Interstate 25 (I-25). At the junction with I-25, C-470 connects to the E-470 toll highway (owned and operated by a separate public toll authority) which continues eastward and then northward to Denver International Airport.

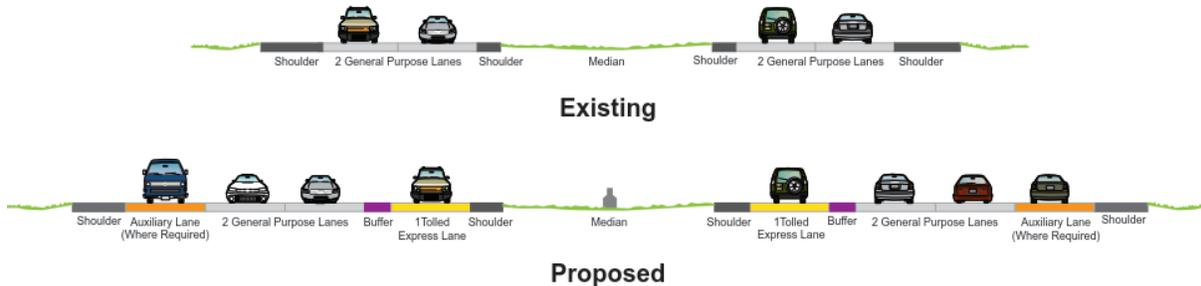
C-470 has a history of congestion, and for well over a decade has operated at failing levels of service. In 2004, C-470 carried 80,000 vehicles per day. Today it is even more congested, carrying over 100,000 vehicles daily. The highway’s degraded travel time reliability led the Regional Transportation District (RTD) to take drastic action and cease bus service operations along the corridor. According to CDOT’s regional transportation model, by 2035, traffic is projected to increase by another 40%, and a commuter traveling during peak times could experience nearly 70 minutes of delay each day. This delay equates to an average peak hour travel speed of 8 mph.

Local support for improvements to C-470 was so strong that in 2011, the C-470 Corridor Coalition was formed in February 2011 with the goal of developing and evaluating cost effective solutions for the corridor, while also building consensus among the Project’s various stakeholders. The Coalition’s founding members include the counties of Arapahoe, Douglas and Jefferson, as well as the cities of Centennial, Lone Tree, Littleton and Highlands Ranch Metro District. Between 2011 and 2014, the Coalition undertook multiple studies that ultimately led to the selection of a preferred solution for the corridor, which is now being advanced by CDOT and HPTE.

The existing C-470 highway includes two general purpose lanes in each direction with a depressed median and a typical cross section approximately 110 feet wide. This width expands near grade-separated interchanges to include off-ramps, on-ramps, and, in locations where interchanges are spaced closely together, auxiliary lanes which will improve traffic flow and improve safety by reducing sideswipe and rear-end collisions. The new 154-foot typical section will add one to two express lanes in each direction (see overview of project location below) and, where applicable, reserve a median that will accommodate a second tolled express lane if and when demand warrants. The express lanes will not have a carpool exemption policy.



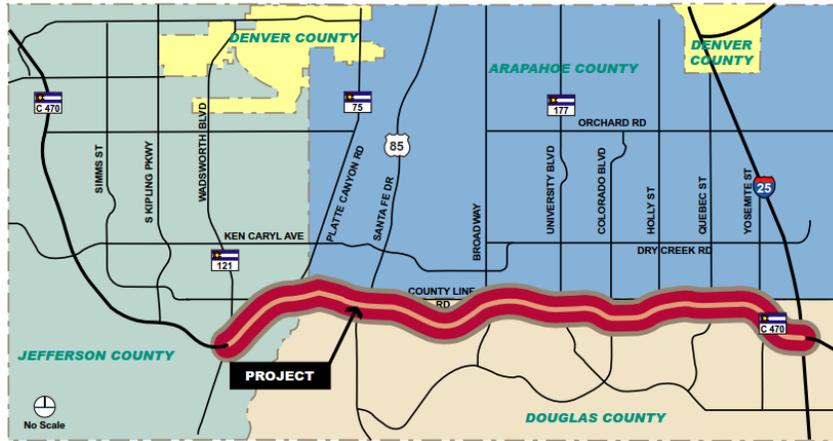
Existing and Proposed Typical Section





2. Describe the project location:

The Project was developed based upon extensive study of transportation needs and revenue potential in the Corridor. The Project will span the eastern half of the C-470 corridor, starting at the C-470 terminus at I-25 and extending westward along the corridor to Wadsworth Boulevard (see map). This Project will add two tolled express lane serving westbound traffic for 3.8 miles between I-25 and Colorado Boulevard, and one westbound express lane continuing for another 8.2 miles to Wadsworth Boulevard. Eastbound, the project will provide one tolled express lane for 10.8 miles between Platte Canyon Road and I-25. Future work may be undertaken to further extend the managed lanes to I-70 if and when demand warrants, but is not part of the Project as currently considered. The Project will also include a direct connection for users entering C-470 from southbound I-25.



3. Describe the project’s purpose, including quantitative and qualitative details on public benefits the project will achieve:

C-470 is critical to Denver regional mobility and connects residents to major employment centers and economic opportunities. The C-470 Tolled Express Lanes will provide a reliable and congestion-free transportation option, and the improved general purpose lanes will benefit all users by enhancing safety and reducing long-term maintenance requirements. In addition, the C-470 Tolled Express Lanes project will provide continuity with existing and planned tollway facilities that will complete a loop around the Denver metro area.

Detail on the major Project benefits is included below. Parsons Brinckerhoff has performed a cost-benefit analysis of the Project, and a quantitative summary of Project impacts is included as Table 1.

Mobility: Congestion Relief and Travel Reliability

The Project will enhance mobility for all corridor users, regardless of whether they choose to pay for access to the C-470 Tolled Express Lanes.

Tolled Express Lanes

On a typical workday, a motorist who chooses to use the Tolled Express Lanes (no carpool exemption from tolls) for the length of the corridor in the PM peak in the westbound direction could experience a travel time savings of 40 minutes. Toll rates will vary by time of day to ensure that the managed lanes provide reliable free-flow travel. The Tolled Express Lanes will operate 24 hours a day, seven days a week. The enhanced reliability may also allow Denver’s Regional Transportation District to re-implement bus service along this corridor.

General Purpose Lanes



By adding capacity along the corridor, the Project will improve travel times for general purpose lane users as some drivers choose to use the new tolled lanes, reducing congestion on the free capacity.

Auxiliary Lanes

Auxiliary lanes will be added between interchange ramps in the eastern portion of the corridor, where interchanges are spaced closely together. This will improve traffic flow and improve safety by reducing sideswipe and rear-end collisions.

Enhancements to the C-470/I-25/E-470 Interchange

At its eastern end, the project will construct direct access ramps between Interstate 25 southbound and C-470 westbound. This feature will allow I-25 motorists wishing to use the new lanes to avoid a traverse across all travel lanes in a severely congested highway section where simultaneously many other lane changes occur.

At this interchange, C-470 will accept westbound traffic from the existing E-470 tollway. Traffic on E-470 will be able to continue on the C-470 Tolled Express Lanes without having to mix with general purpose traffic. Westbound E-470 traffic will also be given the opportunity to access the general purpose lanes via a braided ramp at this location.

The resulting travel time and mobility improvements equate to as much as **\$422 million** in economic benefits (see Table 1) without including any benefits related to the reinstatement of bus service.

Aging Infrastructure

Bridges and Pavement

This project will replace two bridges that were built over the South Platte River in 1968. The new structures will improve C-470's horizontal curvature (highway safety), accommodate passage of maximum releases from the Chatfield Dam, improve substandard vertical clearance and sight distance for a major regional trail heavily utilized by cyclists (see C-470 Multi-Use Path overview below), and improve the wildlife crossing opportunities for the C-470 corridor's most important riparian area. Additionally, 16 bridges will be widened to minimize throw away of previous work and create project cost efficiencies.

Pavement testing conducted in conjunction with the design of the C-470 Tolled Express Lanes project revealed that the highway structural support is substandard, thus necessitating total reconstruction of the approximately 7 miles of existing general purpose lane pavement. This reconstruction will significantly reduce future life-cycle maintenance costs.

Safety

Improving Corridor Geometry

Originally designed as a State Highway, C-470 has frequent horizontal and vertical alignment angulations and many geometric deficiencies. Many areas of this rolling and swinging highway do not meet currently required design criteria. These areas of concern will be flattened and straightened enough to bring the facility up to meet modern design standards for the posted speed limit of 65 miles per hour.

The C-470/I-25/E-470 interchange improvements described above will have important safety benefits and could receive funding under the federal Highway Safety Improvement Program.

Per Tolled Express Lanes national best practices, the project includes an additional lane for merge/diverge movement into and out of the express lanes. These merging areas will be provided at a limited number of access locations along the corridor.

The improvements will also result in improved safety on the corridor. A 33% reduction of accidents is expected as a result of the improvements, equating to a **\$47 million** net present value benefit to the region.

Transportation Choices

C-470 Multi-Use Path

Running along C-470 is a paved, 26-mile multi-use path that provides a facility for non-motorized travel. This bike path connects job centers and recreation areas along and adjacent to C-470. CDOT and area communities recognized the



importance of this path by investing over \$32 million of Federal economic stimulus funds into rehabilitating portions of the path. The Project will build on this investment by providing grade separations for the C-470 Regional Trail at two interchanges (Quebec Street and Colorado Boulevard) where trail users currently cross arterial roadways at grade. These improvements will enhance the connectivity of the path as well as safety for users.

Innovation

Intelligent Transportation Systems (ITS)

The project will install state-of-the-art tolling and ITS equipment and integrate it with CDOT’s traffic operation center. The tolling system will include toll collection both by transponder and license plate detection. Ramp metering and variable message signs exist along the corridor today and will be adjusted and enhanced as needed.

Environmental Mitigation

Noise Walls

The C-470 Tolloed Express Lanes project will provide noise barriers where reasonable and feasible for residential areas that are impacted by noise from existing freeway traffic volumes. Absent this project, no mechanism exists to address this problem.

Water Quality

Since C-470 opened in 1990, Federal and State water quality regulations have been strengthened considerably. The C-470 Tolloed Express Lanes project will comply with the newer, tighter regulations, and thus provide additional mitigation features not included in the highway’s original construction. These features will result in a net improvement for water quality for 12 miles of C-470.

Consistency with the Regional Transportation System

The entire C-470 freeway extends for approximately 26 miles from Interstate 70 on the west to Interstate 25 on the south. C-470 connects to the E-470 toll highway operated by a separate public highway authority which continues eastward and then northward to Denver International Airport, thence westward to the northwestern quadrant of the metropolitan area. The region’s adopted long-range transportation plan envisions future continuation of the tollway system to complete a loop around the metropolitan area. Without the Tolloed Express Lanes, C-470 would remain as the only sector of the loop without some tolled element.

Vulnerability to Climate-Related Weather and Incidents

C-470’s location along the Rocky Mountain Front Range makes it the southernmost major roadway serving the Denver metropolitan area, close to mountainous wooded areas vulnerable to wildfires. Huge wildfires in Colorado over the past several years have prompted mandatory evacuations of tens of thousands of residents. Partly due to forest damage by pine beetles (a consequence of climate change), Colorado faces the threat of catastrophic wildfires for many years to come. Twelve miles southwest of C-470, the June 2013 Lime Gulch Fire fortunately was contained quickly. If this fire had escaped containment, C-470 would have been the primary evacuation route for the southwestern portion of the Denver metropolitan area. Additional lanes on C-470 would enhance the highway’s capacity as an evacuation route, thus greatly improving public safety.

**Table 1.
Tolloed Express Lanes Impact and Benefits Matrix**



Type of Impact	Population Affected by Impact	Economic Benefit	Savings / (Costs) (7% discount rate)	Savings / (Costs) (3% discount rate)
Reduced congestion and wait times	Auto and truck drivers with reduced wait time and faster speeds	Travel time savings	\$182.8M	\$370.5M
Net effect of faster speeds and increase in system-wide VMT	Society and surrounding communities	Reductions to emissions	\$1.9M	\$4.2M
Net effect of increase in VMT and safety improvements	All drivers in study region and society	Reductions in accidents	\$28.0M	\$47.4M
Subtotal - Benefits			\$212.7M	\$422.1M
Increase in auto and truck VMT	Auto drivers and truck drivers/companies in study region	Fuel savings	-\$12.2M	-\$23.6M
Increase in auto and truck VMT	Society	Oil import savings	-\$1.2M	-\$2.2M
Increase in auto and truck VMT	All drivers in study region	Reduction in driver O&M costs, non-fuel	-\$15.9M	-\$31.1M
Increase in auto and truck VMT	Surrounding communities	Increase in noise	-\$0.1M	-\$0.2M
Increase in auto and truck VMT	Government and society	Increase in pavement damage	-\$0.1M	-\$0.2M
Subtotal - Costs			-\$29.5M	-\$57.3M
TOTAL NET BENEFITS			\$183.2M	\$364.8M

Source: C-470 Tolled Express Lanes Project Benefit Cost Analysis, Parsons Brinckerhoff, April 2014

4. Provide the estimated capital cost of the project:

Project costs in year-of-expenditure (YOE) dollars are estimated to be \$269 million which includes construction, engineering, right-of-way acquisition, and procurement costs. In addition, approximately \$20 million has been incurred for other corridor planning activities, including environmental reviews and preliminary engineering. CDOT has been working closely with Wilson & Co. as well as its internal engineering team to refine the Project scope and cost estimates. Additional financing costs that are not included in this total are provided in the detailed sources and uses section that follows.

Table 2.
Estimated Capital Uses, Excluding Financing
(Millions of Year of Expenditure Dollars)

<u>Capital Use</u>	<u>Amount</u>	<u>Percent of Total*</u>
Design-Build Contract	213.0	74%
Toll System Integration	3.0	1%
Right-of-Way Acquisition	6.0	2%
Indirect Project Costs	28.0	10%
Verification Testing	8.0	3%
Insurance	6.0	2%
Procurement / Stipends	5.0	2%



Capital Costs	\$269.0	93%
<u>Prior Expenditures</u>	20.0	7%
Total (excluding financing costs)	\$289.0	100%

*Individual percentages have been rounded and may not sum to 100%.

Final construction costs will not be known until the award of the design-build contract for the Project (expected in 2016). CDOT will select a design/build contractor through a competitive procurement process. The design/build contractor will take the preliminary design, refine it to final construction plans, and build the Project. CDOT Engineering will provide coordination and oversight of the design and construction process. CDOT will conduct the contractor procurement process, preparing the detailed request for qualifications and for proposals.

5. Provide the design features, development schedule, and other relevant descriptions of the project:

Design Features

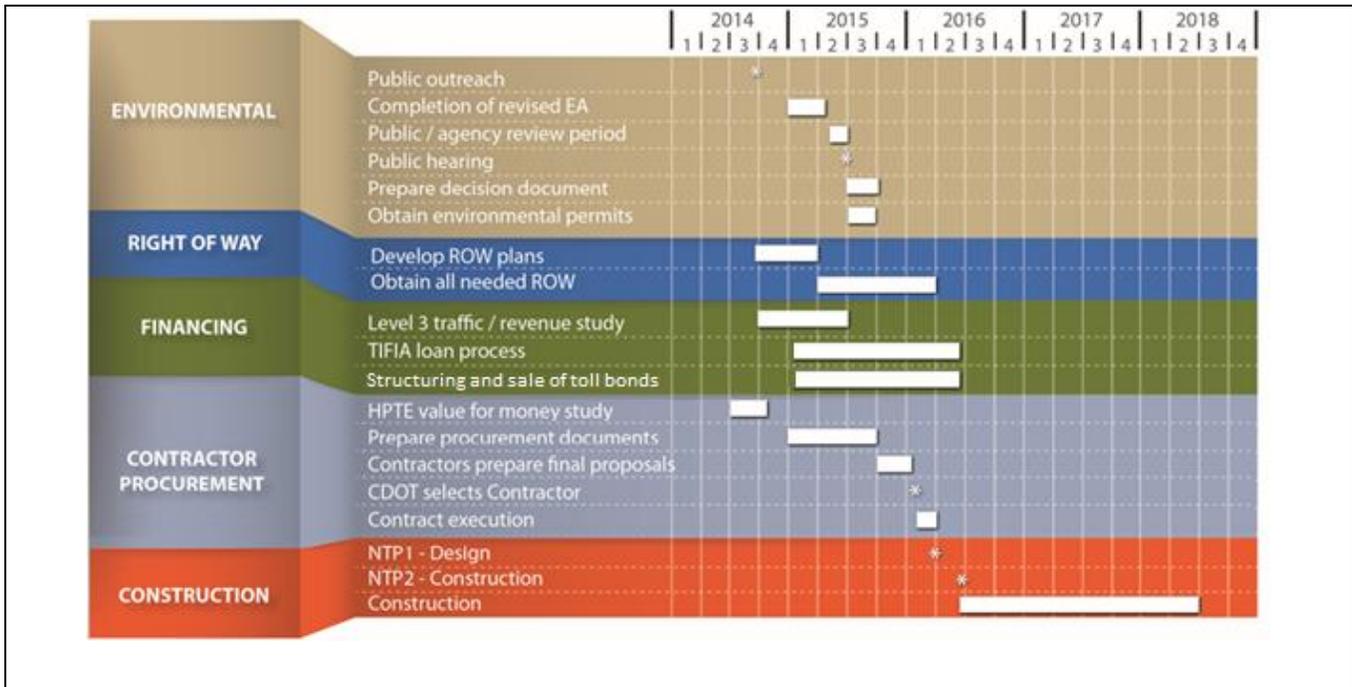
The Project will include the following design features and corridor enhancements:

- Add one Tolle Express Lane eastbound from Platte Canyon Road to I-25 (12 miles)
- Add two Tolle Express Lanes westbound from I-25 to Colorado Boulevard (3.8 miles) and one lane continuing to Wadsworth Boulevard (8.2 miles)
- Add auxiliary lanes in select locations
- Add new direct-connect ramps at the I-25/C-470 Interchange to enable motorists to access the Tolle Express Lanes without having to merge across several lanes of congested traffic
- Replace two bridges built in 1968 across the South Platte River with new bridges that accommodate the toll lanes while also improving substandard design of a major regional greenway trail that crosses beneath them
- Widen 16 other structures to reduce throw away and prepare for future phases/expansion
- Correct roadway geometry to address safety concerns
- Reconstruct approximately 7 miles of pavement due to poor substructure
- Capitalize on previous investments in the C-470 multi-use trail by providing grade separations at two interchanges where the trail crosses arterial streets at grade
- Provide noise barriers where reasonable and feasible for residential areas that are already impacted by noise from existing freeway traffic volumes
- Install Intelligent Transportation Systems (ITS) technology to monitor and enhance traffic flow

Development Schedule

As of the submission of this letter of interest, it is anticipated that all environmental documentation and analysis will be completed by the fourth quarter of 2015, ROW acquisition by the second quarter of 2016, and financial/procurement activities by mid-2016. Construction is planned to begin in mid-2016, with a total duration of approximately two years and substantial completion date in mid-2018. Tolling operations will commence shortly thereafter. A detailed schedule is shown in Figure 1

**Figure 1.
Project Schedule**



B) Outline the Proposed Financial Plan, including the Requested Credit Assistance.

1. Detail the plan of finance in sufficient detail to assist the DOT in its creditworthiness assessment:

The proposed financial plan for the C-470 Project relies upon funding from two main sources - state and local transportation programs and future toll revenues generated by the Project. Approximately \$112 million of state and local funding has been committed to the project, with the balance of the Project expected to be funded with proceeds of investment grade Project revenue-backed tax-exempt bonds and an investment grade Project toll revenue-backed subordinated TIFIA direct loan to be repaid from a pledge of gross Project toll revenues within 35 years of project completion.

The ultimate borrower of the tax-exempt bonds and the TIFIA loan will be the High Performance Transportation Enterprise (HPTE), a division of CDOT responsible for overseeing the delivery of complex Colorado megaprojects, such as this Project and the US 36 Managed Lanes. CDOT has undertaken other major design-build projects with great success, including the \$1.7 billion Transportation Expansion Project known as “T-REX.”

Details on each source of funding provided below.

RAMP: In 2006, CDOT instituted a new computer software system to improve CDOT business and financial practices, including the potential opportunity to change the way the agency budgets and expends its funds. This Responsible Acceleration of Maintenance and Partnerships (RAMP) initiative will better coordinate project expenditures and available funding. Under prior fiscal management techniques, CDOT would not advertise a project until all of the money was “in the bank,” requiring the department to save and accrue cash for projects over multiple years before construction could begin. With multi-year projects, this meant that money would sit unspent when it could have be utilized much sooner. Under CDOT’s newer Program Management strategy, CDOT will fund multi-year projects based on year of expenditure funding availability, rather than saving for the full amount of a project before construction begins. CDOT’s RAMP Program is a critical part of this Program Management strategy. In the fall of 2014, the Colorado Transportation Commission approved \$100 million of RAMP funding for the C-470 Tolled Express Lanes Project. Of this amount, approximately \$83 million (83%) comes from federal sources.¹

¹ Based on Colorado’s “sliding scale rate” of 82.8% Federal share due to non-taxable Federal lands.



FASTER and Other Local Funding: Senate Bill 09-108, also known as the Funding Advancements for Surface Transportation and Economic Recovery Act of 2009 (FASTER), was signed into law on March 2, 2009. Now in its fifth year, FASTER allows the State of Colorado to improve roadway safety, repair deteriorating bridges, and support and expand transit. The bill generates about \$200 million every year for state transportation projects across Colorado. Additional revenue is provided for city roads (approx. \$27 million annually) and county roads (approx. \$33 million annually) through several vehicle registration fees and fines established or increased by FASTER. In total, FASTER will provide \$2 million to the C-470 Project. Douglas County and other local stakeholders have contributed \$6 million to Project development costs to date and are contractually obligated to contribute an additional \$10 million to Project construction.

Senior Non-Recourse Toll Revenue Bonds: Tolling is a vital element of the overall funding plan for C-470 and is anticipated to be the largest source of capital for Project construction. One of these sources is the senior, investment grade non-recourse toll revenue bonds that will be issued against gross toll receipts that will be generated over a 35-year period. Under the gross revenue pledge, toll revenues are first pledged to the repayment of debt, then to all other O&M costs associated with the facility. As an additional backstop to ensure continuous and reliable operation of the corridor in the event of unexpected changes in revenue or costs, the Project will have access to liquidity from CDOT in the form of an O&M “loan” from CDOT to provide additional revenue in the event that toll receipts are insufficient to fund both debt service and operations and maintenance costs. Additional ramp-up and O&M reserve funds will also be established for this purpose consistent with other investment grade structures.

TIFIA Loan: Similar to the tax-exempt bonds, the TIFIA loan will be serviced using only the gross toll revenues generated by the C-470 Tolled Express Lanes, with a maximum term of 35 years from substantial completion. The TIFIA loan will be subordinate to the toll revenue bonds, but will also be structured to achieve an investment grade rating.

2. Detail the sources and uses of funds:

A summary sources and uses for the plan of finance described above follows below.

Table 3.
Estimated Sources and Uses of Funds²
(Millions of Year of Expenditure Dollars)

<u>Sources of Funds</u>	<u>Totals</u>
RAMP	100.0
FASTER + Other Local Funding	32.0
Senior Non-Recourse Toll Revenue Bonds	86.0
<u>Subordinated TIFIA Loan</u>	<u>108.0</u>
Total	\$326.0
<u>Uses of Funds</u>	<u>Totals</u>
Design-Build Contract	269.0
Prior Project Costs	20.0
Project Reserves	25.0
Capitalized Interest (Toll Bonds)	9.0
<u>Transaction Costs</u>	<u>3.0</u>
Total	\$326.0

3. Type of credit assistance:

HPTE is requesting a secured (direct) loan.

² Assumes gross pledge financing case, subject to Transportation Commission approval.



4. Amount of credit assistance sought from DOT:

HPTE is requesting a loan equal to 33% of eligible project costs. A summary of estimated eligible costs is shown in Table 4.

Table 4.
Eligible Costs
(Millions of Year of Expenditure Dollars)

Prior Costs	Amount
Environmental Assessment	8.0
Preliminary Engineering and Consultant Costs	12.0
Subtotal: Prior Costs	20.0
Capital Costs	Amount
Design-Build Contract	213.0
Toll System Integration	3.0
Right-of-Way Acquisition	6.0
Indirect Project Costs	28.0
Verification Testing	8.0
Insurance	6.0
Procurement / Stipends	5.0
Subtotal: Capital Costs	269.0
Toll Revenue Bond Interest	10.0
Project Reserves	25.0
Transaction Costs	3.0
Subtotal: Financing/Reserves	38.0
Total Eligible Expenditures	\$327.0
	x 33%
Total TIFIA Loan Amount	\$108.0

At this time/for the purposes of the LOI and anticipated refinements to project cost estimates, CDOT is requesting a loan amount of up to \$120 million.

5. Provide a rationale for the amount of TIFIA credit assistance requested, as a percentage of reasonably anticipated eligible project costs (e.g., a project sponsor can demonstrate that traditional sources of financing are not available at feasible rates without the TIFIA assistance, or that the costs of traditional financing options would constrain the sponsor's ability to deliver the project, or that delivery of the project through traditional financing approaches would constrain the sponsor's ability to deliver a group of related projects, or a full capital program):

TIFIA offers the Project a number of benefits in terms of interest rate, amortization and subordination. A reduction in the amount of TIFIA assistance below the allowable 33% would require CDOT to attempt to leverage more in the less efficient tax-exempt market, if possible, the outcome of which will be an increase in the required state or local funding contribution to the Project. Such contribution would be in addition to the contingent support CDOT is providing to the Project and lenders, including TIFIA, in the form of its backstop of O&M costs.

CDOT's ability to commit additional state and federal funds from its work program is constrained, and a reduction in the percentage of TIFIA credit assistance would likely require either (i) a reduction in Project scope, which would threaten the ability of the Project to achieve congestion relief and safety objectives or (ii) a deferral of other projects in the CDOT work program, which will result in failure to meet other needs across its transportation network.

***6. Explain the flexibility in the financial plan to finance the project with a reduced percentage of TIFIA credit assistance:***

As Project development is still underway, CDOT has flexibility to amend the Project plan to address a reduced percentage of TIFIA credit assistance. However, as discussed above, state and federal funds for CDOT's work program are constrained, and a reduction in the percentage of TIFIA credit assistance would likely require either (i) a reduction in Project scope, which would threaten the ability of the Project to achieve congestion relief and safety objectives or (ii) a deferral of other projects in the CDOT work program, which will result in failure to meet other needs across its transportation network.

7. Description of revenue source(s) pledged to repayment:

Toll revenues from the C-470 Express Toll Lanes will be pledged to repay the senior toll revenue bonds and the subordinated TIFIA loan. As modeled, tolls would be leveraged in the form of a gross revenue pledge, whereby debt service is paid before O&M costs. To ensure the continuous and reliable operation of the facility, the Project will benefit from an O&M loan / liquidity facility provided by CDOT in the event that revenues are insufficient to fund O&M obligations after debt service.

Both the senior toll revenue bonds and the TIFIA loan are expected to achieve investment grade ratings. While toll revenues are projected to increase over time with both toll rate escalation and general traffic growth, the overall debt service profile is assumed to remain relatively level to provide cushion to bondholders and TIFIA and to comply with TIFIA average life preferences.

In addition to the tax-exempt bond and TIFIA debt service reserve funds as well as the O&M loan commitment, , additional reserves consistent with investment grade ratings are contemplated as part of the finance plan for C-470, including an O&M reserve fund, a ramp-up reserve / revenue stabilization account and a lifecycle reserve fund

The financial analysis underlying the working plan of finance is based upon a Level II traffic and revenue study that was completed in August 2014 by Cambridge Systematics. The study evaluated a range of toll rates and pricing approaches. The financial plan underlying this LOI assumes a fixed toll schedule with peak / off-peak period pricing for demand management and revenue generation purposes. The Level II results show gross toll revenue in the first year of stabilized operations of \$19 million (2014 dollars), increasing over time. Further traffic and revenue analysis is currently being conducted by Louis Berger as part of an independent Level III / investment-grade study.

8. Address the status of any revenue feasibility studies:

Since the early 2000s, several feasibility studies have been undertaken to determine the extent to which tolling could be used as a potential funding source for the Project. The first of these was the completed in June 2005, with subsequent traffic and revenue studies that followed:

- *C-470 Express Lanes Feasibility Study (completed June 2005)*
- *Level II Traffic and Revenue Study (completed January 2014)*
- *Level II Traffic and Revenue Study Update (completed August 2014)*

In addition, CDOT's consultant Louis Berger is currently working on the Level III investment-grade traffic and revenue study to be used to support the issuance of toll revenue-backed bonds and the TIFIA loan. Results of that study are anticipated to be available in the summer of 2015 and will be made available to TIFIA.

C) Status of Environmental Review.***1. Summarize the status of the project's environmental review:***

An initial C-470 Environmental Assessment (EA) Document was signed by the Federal Highway Administration (FHWA) and CDOT in February 2006. In February of 2013, the C-470 Coalition obtained consensus on the current C-470 Express



Lanes project as the preferred C-470 alternative in partnership with CDOT, and in a continued partnership with the C-470 Coalition, CDOT is now preparing a Revised EA to reflect the final project definition. While the preferred alternative in the 2006 EA was the Express Toll option, the project carried forward in the Revised EA is different from that documented in the 2006 EA. A few of the major differences include: shortened project limits, a buffer separated Express Toll configuration, elimination of most direct connection movements (the exception being westbound near I-25) and the elimination of an interchange at Colorado Blvd. We are expecting a signed decision document in September of 2015 and we have the release of the Final Design-Build RFP synchronized with this important milestone.

2. Discuss whether the project has received a Categorical Exclusion, Finding of No Significant Impact, or Record of Decision or whether a draft Environmental Impact Statement has been circulated:

As stated above, C-470 had previously finalized an EA in 2006 and is currently preparing a revised EA.

D) Information Regarding Satisfaction of TIFIA Eligibility Requirements.

Please demonstrate the following:

1. Creditworthiness:

a. Ability to satisfy applicable creditworthiness standards:

The TIFIA loan will be structured to achieve investment grade ratings and will include coverage ratios and reserve provisions consistent with similar toll revenue transactions. Further information on existing corridor congestion and traffic and revenue projections will be made available to TIFIA for review.

b. Rate covenant, if applicable:

Rate covenants consistent with other investment grade transactions will be established to ensure revenues are sufficient to meet the Project's debt service obligations.

c. Adequate coverage requirements to ensure repayment:

At the Project level, the financial plan for C-470 is based upon a revenue risk structure. As such, the financial plan will be subject to review by underwriters and lenders, including TIFIA, as well as rating agencies to ensure that adequate coverage is available for repayment.

d. Ability to obtain two investment grade ratings on senior debt: two ratings on the TIFIA debt (investment grade if senior); if project costs are less than \$75 million only one rating on the senior debt and the TIFIA debt are needed):

CDOT is confident that the Project will be able to meet TIFIA's rating requirements. An indicative rating letter will be obtained and included as part of the creditworthiness package submission. Upon completion of the Level III T&R study, CDOT will obtain two investment grade ratings on the TIFIA loan.

2. Foster partnerships that attract public and private investment for the project:

CDOT will continue its history of partnering with the private sector for construction of large projects and will procure a private design-build contractor to partner in project development. The toll revenue financing structure facilitated by the TIFIA loan will allow CDOT to bring forward all the required funding for the Project and award a fixed price, fixed schedule contract.



3. Enable the project to proceed at an earlier date or reduced lifecycle costs (including debt service costs):

TIFIA loan assistance will allow the Project to proceed at an earlier date by enhancing the financial structure and reducing the required upfront public contribution to the Project. If TIFIA assistance is not available, the Project may need to be delayed until additional public grant funds become available in the CDOT budget.

4. Reduce the Contribution of Federal Grant Assistance for the Project:

Currently, the grant assistance for the Project includes \$102 million in funding contributed by the State of Colorado, of which approximately 83% is federal funds apportioned or allocated to the State. Without TIFIA support, the State would have to increase its contribution towards the project, likely with a similar percentage of Federal funds, increasing reliance on federal grant assistance.

5. Construction contracting process can commence no more than 90 days from execution of a TIFIA credit instrument:

CDOT currently expects to enter into the design-build contract prior to the TIFIA loan execution under the current schedule, with construction notice to proceed issued shortly after.

E) Project Participants.

1. Name of Applicant/Borrower:

The Colorado High Performance Transportation Enterprise

2. Overall Organizational Structure:

The High Performance Transportation Enterprise is a government-owned business within and a division of the Colorado Department of Transportation. HPTE was created in 2009 to pursue public-private partnerships and other innovative and efficient means of completing surface transportation projects in Colorado.

HPTE previously oversaw and closed on a \$54 million TIFIA loan for Phase 1 of the US 36 Managed Lanes / Bus Rapid Transit Project, as well as an additional TIFIA loan for the DBFOM delivery of Phase 2. HPTE's experience with US 36, combined with its unique organizational structure within CDOT, is evidence of the agency's ability to successfully execute and deliver alternative financing solutions in the State of Colorado.

3. If applicable, detail how the project meets MAP-21's definition of a rural infrastructure project (a surface transportation infrastructure project located in any area other than a city with a population of more than 250,000 inhabitants in the city limits):

Not applicable.

4. What entity (i.e., public-sector agency/authority or private-sector company) will serve as the applicant?

The Colorado High Performance Transportation Enterprise



Fiscal Year 2015 Letter of Interest Form

5. Will the applicant and the borrower be the same entity? Who are the members of the project team?

HPTE will serve as both applicant and borrower.

CDOT and HPTE have co-lead responsibility for the Project and has enlisted several consulting firms to support the project development process:

- Engineering/Cost Estimating – Wilson & Company
- Traffic & Revenue – Louis Berger Group
- Tolling – Atkins Tolling Services
- Finance – Ernst & Young Infrastructure Advisors

The procurement of a Design-Build contractor will commence later this year.

6. Project Website or Applicant/Borrower Website:

Project Website: <http://www.codot.gov/projects/c470ExpressLanes>

Applicant/Borrower Website: <http://www.codot.gov/programs/high-performance-transportation-enterprise-hpte>

F) Other Information.

Briefly discuss any other issues that may affect the development and financing of the project, such as community support, pending legislation or litigation:

Not applicable.

G) Inclusion in Transportation Plans and Programs.

Is the project consistent with the State Transportation Plan and, if applicable, the metropolitan plan and is the requested TIFIA amount reflected in such plan?

No

Yes

Not applicable

Please briefly elaborate:

The Project is consistent with the State Transportation Plan. While the TIFIA loan amount is not specifically referenced in the Plan, the amount of State and local funding available for the Project will not cover 100% of Project costs, and toll revenue-backed debt is assumed to be a key component of the plan of finance. C-470 is officially a part of the fiscally constrained 2040 Denver Regional Council of Governments (DRCOG) Regional Transportation Plan.

H) Readiness to Apply.

Is the project prepared to submit an application within a short timeframe after receiving an invitation from DOT?

No

Yes

Unsure

HPTE is prepared to submit an application within a short timeframe after receiving an invitation from DOT. With a construction start date of mid-2016, a quick application turnaround after invitation is consistent with the overall Project plan.

What factors could impact this timetable or the applicant's ability to provide all required information?



All required information is available with the exception of the final Level III / investment grade traffic and revenue report which is expected to be completed by summer 2015. HPTE will provide TIFIA with the Level II traffic and revenue results in advance of the release of the Level III investment grade report (Level II study can be accessed at <https://www.codot.gov/projects/c470ExpressLanes/information-for-design-build-teams/design-build-information-1/level2-traffic-revenue-report/view>). These materials should be sufficient to allow TIFIA and its advisors to commence revenue diligence activities.

I) Additional Information.

Please provide any other additional information necessary:

HPTE and CDOT will enter into an agreement that will create and define the financial and operational obligations of each in the near future.

J) Key Contact Person.

Identify a key contact person with whom all communication should flow:

Name: Nicholas Farber
Title: Enterprise Specialist
Street Address: 4201 East Arkansas Avenue, Room 230
City/State: Denver, Colorado
Phone: 720-248-8544
Fax:
E-mail: nicholas.farber@state.co.us

K) Additional information requested.

DUNS: 968811922

Project Location:

State: Colorado
County: Arapahoe, Douglas, and Jefferson
City: Littleton, Highlands Ranch, Lone Tree, Centennial

Congressional Districts Impacted by the Project: 1, 2, 4, 6, and 7

Type of Jurisdiction (e.g., rural, urban): Urban

***Fiscal Years 2013 & 2014 Letter of Interest Form***

Fees. The increased demand on TIFIA's resources has led to the discontinuation of the practice of advancing the entire cost of financial and legal advisors engaged to assist DOT in determining a project's creditworthiness and overall eligibility and having those costs reimbursed to DOT after execution of a credit agreement. As such, upon request, project sponsors must pay fees in the amount of \$100,000 before DOT hires financial and/or legal advisors as part of the Letter of Interest review process. These fees are due upon request. Additional fees will be charged after the credit instrument is executed, including additional amounts required to fully cover TIFIA's financial and legal advisory services costs in connection with the evaluation and negotiation of the terms of TIFIA credit assistance for the project. For projects that enter credit negotiations, the undersigned further certifies a transaction fee will be paid at closing or, in the event no final credit agreement is reached, upon invoicing by the DOT, in the amount equal to the actual costs incurred by the DOT in procuring the assistance of outside financial advisors and legal counsel. This fee is due whether or not the loan closes.

Debarment. The undersigned 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 & Suspension Regulations: 49 C.F.R. Part 29).

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.

Signature: By submitting this Letter of Interest, the undersigned certifies that the facts stated herein 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.

Submitted by:

Applicant/Borrower Name Michael Cheroutes

Title Director

Organization Colorado High Performance Transportation Enterprise

Date March 6, 2015

Please attach any relevant documents (e.g., maps, organization charts, etc.).