



U.S. Department of Transportation  
Federal Highway Administration

# INITIAL FINANCIAL PLAN

## MAJOR PROJECT IDENTIFIER: #**[TBD]**



*Multimodal Solutions - 495 to Haymarket*

# TRANSFORM 66 P3 PROJECT

*Submission Date: February 5, 2018*

RTE 66 – Preliminary Engineering (UPC 54911)

I-66 PPTA – Study (UPC 105239)

I-66 Tier II (UPC 105500)

Transform I-66 Oversight Project (UPC 110496)

Transform66 Outside the Beltway (UPC 110741)

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## Executive Summary

This document presents the Initial Financial Plan (Financial Plan) for the Transform 66 P3 Project Outside the Beltway (the Project), prepared in accordance with the FHWA's Major Project Financial Plan Guidance dated December 18, 2014, and in accordance with 23 USC §106(h).

The Project will be designed, built, financed, maintained, and operated by I-66 Express Mobility Partners LLC (the Developer), selected as the best value proposer on November 3, 2016. The FHWA concurred in the award of the Comprehensive Agreement on December 8, 2016, for improvements on the approximately 22-mile corridor on I-66 between U.S. Route 29 near Gainesville in Prince William County and the I-495 Capital Beltway in Fairfax County. The Project achieved Financial Close on November 9, 2017, and the Project Completion is expected at the end of 2022.

This Plan provides a review of the sources and uses of the project funds, as well as a listing of estimated costs by major category. The Department anticipates the total costs for the Project through Project Completion to amount to [REDACTED]. Of the [REDACTED] the Developer will contribute [REDACTED] during the construction through financing, and the Virginia Department of Transportation (the Department) will contribute \$174 million for the project development and procurement, contract administration, and oversight. Of the \$174 million contribution by the Department, the \$100 million incurred for contract administration and oversight is anticipated to be funded through Concession Fee payment. The following is a breakdown of the costs between the Developer and the Department.

Total Project Cost	
Responsible Party	Estimate
Developer	[REDACTED]
VDOT	\$173,822,770
<b>Total</b>	[REDACTED]

This Initial Financial Plan also provides the current schedule with project milestones, details of the proposed improvements by asset, and key risks to the project with potential change orders.

Subsequent updates to this report will document project progress and changes to project funding.

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## TRANSFORM 66 P3 PROJECT Initial Financial Plan

### 1. Project Description

#### 1.1 Project Sponsor

The Department and the Developer are the sponsors of the Project.

#### 1.2 Project Description

##### Project Location

The Project is located in Northern Virginia on the 25-mile section of I-66 which extends from US 15 in Prince William County east to I-495 Capital Beltway in Fairfax County. This section of I-66 opened to traffic in stages between 1958 and 1964 and expanded a number of times over its years of service. The highway currently has eight lanes between I-495 Capital Beltway and US Route 15 near the Town of the Haymarket, with two lanes restricted to HOV-2 use during the peak hours in the peak direction. The Project's environmental analysis, completed pursuant to the National Environmental Policy Act of 1969 (NEPA), indicates that the west end terminus is just west of U.S. 15 Haymarket and its east end terminus is just east of the I-66/I-495 interchange. Based on multiple studies conducted during project development phase, it was determined that developing the project in two phases provides the most value. Therefore, VDOT requested FHWA for an Operationally Independent and Non-Concurrent Construction (OINCC) determination, which was approved by FHWA on April 18, 2017. As a result, the current Initial Financial Plan presents the Phase 1 related cost and financial resources to be used to improve the approximately 22-mile corridor on I-66 between U.S. Route 29 in Gainesville and I-495.

Figure 1.1 Project Map



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### **Project Purpose**

Planned interim and spot improvements in the I-66 Corridor will not be enough to counteract the worsening traffic conditions. Currently, two-thirds of the roadway operates at a sub-par Level of Service (LOS) during morning and evening peak hours (LOS E or LOS F). By 2040, peak period congestion in the eastern portion of the corridor is expected to increase by as much as 8-10 hours per day in each direction. Additionally, crash rates at several locations within the corridor are above the statewide average for urban interstates. As identified in the Tier 2 Environmental Assessment, the purpose of this project is to address existing and future transportation challenges in the I-66 Corridor in a cost-effective and timely manner, to improve multimodal mobility by providing diverse travel choices through an efficient network of park-and-ride, HOV, transit, and Express Lane opportunities, and to enhance transportation safety and travel reliability for the public.

### **Project Design Features**

The Project involves more than just the construction of Express Lanes along the I-66 corridor. The Department and DRPT are developing an integrated transportation network that will include new transit routes and services and construction of thousands of parking spaces with direct access to a network of Express Lanes on I-66, I-495, and I-95 that will facilitate HOV travel throughout Northern Virginia.

New and expanded Commuter Bus transit is proposed. The transit services connect the Project's park and ride lots with major regional destinations and Metrorail and provide reliable travel times by using the new Express Lanes. The Commuter Bus Service will provide peak-period point-to-point rides in the primary commuting direction. Transportation Demand Management strategies will also be implemented to complement the transit service, promote commuting choices, and enhance utilization of the new project park and ride lots. In total these services and strategies serve to maximize corridor person throughput.

The Project scope also includes expansion of existing park-and-ride lots and construction of new facilities that will provide nearly 4,000 new spaces. These park-and-ride lots are planned with access to and from the I-66 Express Lanes, multimodal access from the street network including bike and pedestrian connections, and accommodations for transit service, car-and van-pooling, and kiss-and-ride.

Major Project design elements include:

- Expanding the current HOV facility from one to two lanes in each direction, from I-495 to University Boulevard in Gainesville, to create two Express Lanes in each direction;
- Preservation of a minimum 42-foot wide for future transit use within sections of the project corridor;
- Transitioning from the Express Lanes to a single existing HOV lane in each direction west of University Boulevard;
- Modifying the existing general purpose lanes to accommodate three lanes in each direction for the Project corridor, as well as auxiliary lanes eastbound and westbound between interchanges from I-495 to US 29 (Lee Highway) in Centreville, and between Route 234 Bypass (Prince William Parkway) and US 29 (Lee Highway) in Gainesville;



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- Providing full-width shoulders in both directions;
- Adding Express Lanes access points;
- Targeted intersection improvements at select locations along arterials that are directly impacted by traffic flow to and from I-66 general purpose lanes and Express Lanes in order to mitigate locations with significant operational degradation;
- Relocation of certain elements of the Vienna and Dunn Loring Metrorail Stations in the course of Project construction, which may include Dunn Loring Station Traction Power Substation, pedestrian bridge, structural walls and support systems, mechanical and electrical equipment and housing units, parking lots, signs, and other Metrorail infrastructure improvements;
- Adding an open-road ETC system as necessary to allow for collection of tolls from toll users of the Express Lanes using a dynamic tolling algorithm to manage traffic on the Express Lanes. Back office functions and customer Service Center functions will be performed by the Department;
- Traffic Management and Intelligent Transportation elements to be integrated with the ETC system. The Express Lanes shall connect to the proposed Transform I-66 (Inside the Beltway) project and existing Express Lanes on I-495 to provide a seamless connected network of Express Lanes between the three projects;
- Accommodation of the continuous operation of I-66 for the traveling public, transit, and public safety, including maintaining connectivity with the ITS network of field devices and communications infrastructure and relocating and/or updating this infrastructure in coordination with the open-road ETC system and in accordance with the concept of operations for the corridor; and
- Enhanced bicycle and pedestrian access adding a new parallel shared use path in Fairfax County, trail connections, and pedestrian facility improvements on crossing bridges, and at park and ride lots.

### **1.3 National Environmental Policy Act (NEPA) Decision Documents**

**Tier 1 Environmental Impact Statements (EIS) and the Record of Decision (ROD):** In April 2011, the Department and DRPT, in partnership with FHWA, initiated a Tier 1 EIS to define existing and future transportation conditions and needs within I-66 Corridor. A Draft EIS was made available for public review and comment in February 2013. In November 2013, FHWA approved the Tier 1 Final EIS and issued a ROD.

**Tier 2 Environmental Assessment (EA) and Finding of No Significant Impact (FONSI):** VDOT and DRPT initiated a Tier 2 EA in May 7, 2014. The Tier 2 EA was presented to the public for review and comment in May 2015. A Tier 2 Revised EA was prepared, following public hearings and the identification of a Preferred Alternative, and made available for public review and comment in January 2016. In order to address substantive comments received on the Tier 2 Revised EA and to update analyses as necessary, a Tier 2 Final EA was submitted to FHWA with a request for a NEPA decision; FHWA published a FONSI in June 2016.

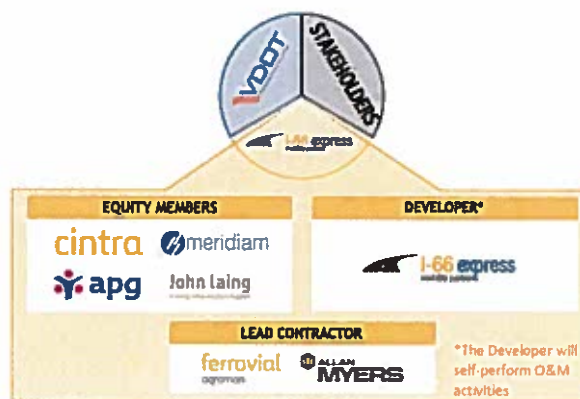
If supplements to the NEPA Documents or additional NEPA Documents are required, the Developer will be responsible for preparing the additional documentation and securing the necessary approvals. All environmental and permitting activities will be coordinated by the Department.

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#### 1.4 Organizational and Legal Structure for the Project

The organizational and legal structure is similar to the structure that has been used successfully in other transportation public-private partnerships in the Commonwealth. A special purpose vehicle created by the private consortium that the Department competitively selects to develop the Project will enter into a series of contracts with other entities to perform various services. Figure 1.2 outlines the conceptual organizational structure.

Figure 1.2 Organizational Structure



#### Project Website

The Department's Transform 66 Project website can be found at the following link:

<http://www.transform66.org/splash.html>

Additional Project procurement information can be found on the following VDOT P3 Office Project website:

<http://www.p3virginia.org/projects/interstate-66-corridor-improvements/>

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## 2. Project Schedule

This chapter provides information on the planned delivery approach and implementation schedule for the Project. It also provides a summary of the approach to project management and oversight and impact of future changes.

### 2.1 Project Delivery Approach

The Project has been procured under a DBFOM approach, whereby the Developer will be responsible for the design, construction, financing, operations and maintenance of the I-66 for a period of 50 years, inclusive of construction.

### 2.2 Project Schedule

The Developer is committed to achieve Project Completion by December 31, 2022. Based on the Developer's schedule, the Department issued a Limited Notice to Proceed (LNTP), which authorizes the start of Early Work, on December 28, 2016. Pursuant to the LNTP, these Early Work tasks ended on November 2017. In total, the design and construction period is expected to be less than 73 months from the date of Commercial Close.

Table 2.1 links the procurement schedule with the commencement of the Developer's work under the Comprehensive Agreement and the construction period. [REDACTED]

[REDACTED] Table 2.1 will be updated in future annual updates to the Financial Plan with actual dates when each milestone was achieved. Additionally, the project status will be updated regularly and will be maintained on the VDOT project website.

Table 2.1 Key Milestones <sup>1</sup>	
Milestone	Date
Commercial Close	December 8, 2016
Limited Notice to Proceed	December 28, 2016
Commencement of Design Work	December 28, 2016
Financial Close	November 9, 2017
Construction Commencement (ground breaking)	November 20, 2017
ROW Acquisition Commencement	Late 2017
Final Design Completed	Expected 2018
Park & Ride Completion	July 5, 2019
Route 28 Signalization Completion	June 18, 2020
Service Commencement (start of Operations Phase)	November 30, 2022
Project Completion	December 31, 2022
End of Concession	December 8, 2066 (50 <sup>th</sup> anniversary of Commercial Close)

<sup>1</sup> Key milestone dates as of Financial Close.

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### 2.3 Early Works

There are a number of Early Work tasks which constitute critical project development activities. The intention of the Early Works mechanism is to mitigate delay risks by allowing critical development activities to proceed. Following the fulfillment by the Developer of the conditions precedent to Early Work, the Department issued a LNTP authorizing the Developer to commence the Early Work on December 28, 2016.

The Department provided a certain amount of funding available for the completion of Early Works in the form of a SIB Loan, a no-interest loan of \$39,000,000. On December 1, 2017, as indicated in the Comprehensive Agreement, the Developer paid the outstanding amount of the SIB Loan of \$32,929,027 in full which the Developer received the initial disbursement of loan proceeds under the TIFIA Loan.

The Early Work activities are shown in the Table 2.2.

Table 2.2 Early Works Deliverables		
Task Number	Early Work Task	Deliverables
EW 1	Project Management	<ul style="list-style-type: none"> <li>- Developer Management Plan</li> <li>- Design Quality Management Plan</li> <li>- Environmental Management Plan</li> <li>- Right of Way Acquisition and Relocation Plan</li> <li>- Utilities Plan</li> <li>- Communications Plan</li> <li>- Health, Safety, and Security Plan</li> <li>- Monthly Progress and Status Reports</li> <li>- Initial Baseline Schedule</li> </ul>
EW 2	Design Public Hearing	<ul style="list-style-type: none"> <li>- Public Hearing Plans</li> <li>- Graphical displays and documentation to support Public Hearing</li> </ul>
EW 3	Design for WMATA Facilities	<ul style="list-style-type: none"> <li>- Design of relocated WMATA systems and facilities</li> <li>- Traction Power Simulation</li> <li>- Design of non-systems WMATA elements</li> <li>- Design of 34.5 kV duct bank and conduit for Traction Power Feeders</li> <li>- Preliminary property acquisition activities</li> </ul>
EW 4	Environmental Permitting	<ul style="list-style-type: none"> <li>- Deliverables will be determined by mutual agreement</li> </ul>
EW 5	Right of Way (ROW)	<ul style="list-style-type: none"> <li>- Preliminary ROW documents</li> </ul>
EW 6	Utilities	<ul style="list-style-type: none"> <li>- Utility Relocation Plans and Estimates</li> <li>- Utility Easements</li> <li>- Utility Field Inspection Meeting</li> </ul>
EW 7	Alternative Early Work Items	<ul style="list-style-type: none"> <li>- To be determined as approved by the Department</li> </ul>

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#### 2.4 Project Milestone Requirements

The Developer's financial plan is based on completing the Project by December 31, 2022, providing motivation for the Developer to employ reasonable efforts to mitigate and recover schedule delay. Further, the Developer's own financial commitments and the contractual mechanics governing relief and compensation provide very strong incentives for the Developer to achieve Project Completion by December 31, 2022.

The Developer is penalized under the Comprehensive Agreement for not achieving key Project milestones by agreed dates. The Developer is penalized by way of being liable to the Department for a daily liquidated damages amount for each additional day that the milestone takes to reach completion. This arrangement is summarized in Table 2.3.

<b>Table 2.3 Milestone Completion Requirements</b>		
<b>Milestone</b>	<b>Completion Date</b>	<b>Damages</b>
P&R Milestone	July 5, 2019	\$10,000 per day
Route 28 Signalization Milestone	June 18, 2020	\$19,000 per day
Project Completion	December 31, 2022	\$70,000 per day

#### 2.5 Project Management and Oversight

As the Project Co-Sponsor, the Department will provide review and oversight to ensure that the work performed by the Developer is in accordance with the terms of the Project Documents. All environmental and permitting activities will be coordinated by the Department.

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**3. Project Cost Estimate<sup>2</sup>**

This chapter provides a detailed description of Project cost elements and current cost estimates in year of expenditures dollars (YOES) for each Project cost element (unless otherwise noted). Costs for the Project are presented in two categories: (1) the costs incurred by (and financed by) the Developer pursuant to the Comprehensive Agreement, and (2) the costs incurred by the Department, which encompass payments made to Developer pursuant to the Comprehensive Agreement and costs outside of the Comprehensive Agreement. This chapter also summarizes the costs incurred to date and costs to complete for the Project.

**3.1 Current Cost Estimate**

The Department anticipates the total costs for the Project through the Project Completion and Project close-out to amount to [REDACTED]. Of the [REDACTED] the Developer will contribute [REDACTED] during the construction and the Department contributes \$174 million for the project development and procurement, contract administration, and oversight. Of the \$174 million contribution by the Department, the \$100 million incurred for contract administration and oversight is anticipated to be funded through Concession Fee payment.

[REDACTED]

A Cost Estimate Review (CER) was conducted by the FHWA and the Department on April 4, 2017, using a probabilistic risk-based approach based on the costs presented in the Developer’s financial plan.

[REDACTED]

[REDACTED] The Comprehensive Agreement does not provide for changes in the Developer’s cost estimates, but for very limited circumstances (or “Compensation Events”) clearly defined in the Comprehensive Agreement. [REDACTED]

[REDACTED]

<sup>2</sup> The Cost Estimate Review (CER) held in April 2017 was based on a firm cost proposal from the Developer who already reached commercial close with VDOT on December 8, 2016, and the baseline capital cost was treated as a fixed cost in the CER's probabilistic Monte Carlo simulation. The 70% confidence amount for the project is simply the fixed baseline cost plus the risk amount. The current IFP updates any changes to the project cost since CER due to changes in elements such as financing fees and concession fee.



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<b>Table 3.2 Estimated Department's Project Costs by Cost Element (VOE\$)</b>			
UPC	Description	Phase	Estimates
54911	RTE 66 – Preliminary Engineering	PE	\$8,622,770
105239	I-66 PPTA – Study	PE	\$11,500,000
105500	I-66 Tier II	PE	\$53,700,000
110496	Transform I-66 Oversight Project	PE	\$15,000,000
		CN	\$85,000,000
<b>Total</b>			<b>\$173,822,770</b>

### 3.2 Expenditures to Date and Cost to Complete

Prior to contract execution, the Department has incurred approximately \$74 million for the development and procurement prior to construction. During the design and construction phase, the Department anticipates incurring \$100 million for contract oversight. See Table 3.3 for the Department's capital expenditures to date and anticipated capital costs to complete the Project.

<b>Table 3.3 Department's Capital Expenditures</b>					
UPC	Description	Phase	Estimate	Current Expenditures as of June 30, 2017	Balance to Complete
54911	RTE 66 – Preliminary Engineering	PE	\$8,622,770	\$8,622,770	\$0
105239	I-66 PPTA – Study	PE	\$11,500,000	\$12,173,141	(\$673,141) <sup>7</sup>
105500	I-66 Tier II	PE	\$53,700,000	\$53,606,889	\$93,111
110496	Transform I-66 Oversight Project	PE	\$15,000,000	\$4,091,412	\$10,908,588
		CN	\$85,000,000	\$0	\$85,000,000
<b>Total</b>			<b>\$173,822,770</b>	<b>\$78,494,212</b>	<b>\$95,328,558</b>

The Developer has incurred \$33 million for the Early Works as of November 9, 2017, the date of the Financial Close. As of June 30, 2017, the Developer has incurred \$12.9 million for capital expenditures. The design build contract between the Developer and the Lead Contractor is a fixed price contract.

<sup>7</sup> The deficit will be paid by UPC 110496.



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## 4. Project Funding

The Project will be funded through a combination of private capital (debt and equity) raised against future toll revenue and funds payable by the Department.

### 4.1 Department Project Funding Sources

Table 4.1 reflects the summary of funding by source for the project.

<b>Table 4.1 Summary of Project Funding by Source</b>	
Funding Sources	Previous
<b>Federal funds</b>	
MAP 21 NHPP	\$15,329,757
MAP 21 NHPP – soft match	\$3,832,440
MAP 21- NHPP Exempt	\$12,281,799
MAP 21- NHPP Exempt – soft match	\$3,070,449
RSTP	\$7,338,122
Interstate NHS	\$15,213,488
Interstate (CNS301)	\$2,600,871
<i>Subtotal</i>	<b>\$59,666,926</b>
<b>State funds</b>	
Interstate NHS State match	\$2,403,900
Interstate State match	\$352,312
CTB Formula – High Priority	\$1,000,000
CTB Formula – PPTA	\$500,000
RSTP match	\$1,834,530
Interstate (CNS301)	\$650,218
<i>Subtotal</i>	<b>\$6,740,960</b>
<b>Other funds</b>	
Federal Demonstration	\$980,000
Bond Proceeds - CPR	\$6,231,844
FRAN Bond Proceeds	\$203,040
Concession Fee and Future Interest Earnings to be provided	\$100,000,000
<i>Subtotal</i>	<b>\$107,414,884</b>
<b>Total</b>	<b>\$173,822,770</b>

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Table 4.2 lists the associated Federal Projects that make up the Project contract.

<b>Table 4.2 Project Authorization Summary as of August 3, 2017</b>					
Federal Project	UPC(s)	Phase Classification	Cost	Federal Funds	Advance Construction
NH-066-1300	54911	PE	\$8,622,770	\$7,440,000	\$458,216
NH-066-1300	105239	PE	\$11,500,000	\$4,638,290	\$6,369,368
NH-066-1300	105500	PE	\$53,700,000	\$42,829,877	\$5,105,354
NHPP-066-1361 <sup>8</sup>	110496	PE	\$15,000,000		\$12,000,000
<b>Total</b>					

Project funding is demonstrated in the National Capital Region Transportation Planning Board's (TPB) Long Range Transportation Plan and Transportation Improvement Program (TIP), as well as the Commonwealth's Statewide Transportation Program (STIP). The TPB amended its TIP and FHWA approved amendments submitted by VDOT as summarized in Table 4.3.

<b>Table 4.3 Summary of TIP/STIP Approval by the TPB and FHWA<sup>9</sup></b>							
UPC No.	Funding Source	Phase	Total Estimated Cost of All Phases (\$millions)	Funding in Previous TIP/STIP	Planned Funding in FY18 - 21 TIP/STIP (\$millions)	TPB Approval	STIP Approved by FHWA
110496	AC-Other	PE	\$100.0	0	\$15.0	April 19, 2017	May 1, 2017
	AC-Other	CN		0	\$85.0		
54911 <sup>10</sup>	NHPP	PE	\$73.8	0	\$21.1	July 7, 2017	July 27, 2017
	NHPP State Match	PE		0	\$2.6		
	AC Other	PE		0	\$15.1		
110741	Other	CN	\$3,388.0 <sup>11</sup>	0	\$677.6 <sup>12</sup>	April 19, 2017	May 1, 2017
	TIFIA Loan	CN		0			
	Equity	CN		0			

<sup>8</sup> NHPP-066-1361 will be modified to add CN oversight upon notification of NTP to contractor per Tarsem Lal at FHWA and will be included in the Annual Update.

<sup>9</sup> TIP/STIP approval dates are based on most recent amendments approved in 2015-2018 STIP that were included as part of 2018-2021 STIP Rollover package approved by FHWA in October 2017. TIP/STIP action is underway to amend TIP and STIP based on costs and funding as of financial close, which will be reflected in the Annual Update. Concession Fee funded projects that will be delivered as part of design-build project will be included in TIP/STIP as child projects of UPC 110741.

<sup>10</sup> UPCs 105239 and 105500 are child projects of UPC 54911 and are included in the cost and planned funding.

<sup>11</sup> The TIP/STIP amendment to update cost and funding is in progress and will be reflected in the Annual Update.

<sup>12</sup> Other fund source to consist of TIFIA Loan, Debt, and Equity – per below comment TIP/STIP action to update make up of fund sources is underway and will be reflected in the Annual Update.

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**4.2 Developer Project Funding Sources**

Table 4.4 reflects the Developer’s funding sources.

Table 4.4 Developer’s Funding Source		
Type of Financing	Nominal (\$million)	% of Total
PABs	[REDACTED]	[REDACTED]
Adjustment due to (Premium) / Discount	[REDACTED]	[REDACTED]
Interest income	[REDACTED]	[REDACTED]
TIFIA loan	[REDACTED]	[REDACTED]
Capitalized Interest on TIFIA Loan	[REDACTED]	[REDACTED]
Equity	[REDACTED]	[REDACTED]
<b>Total Sources</b>	[REDACTED]	<b>100.0%</b>

**4.3 Key Toll Revenue Assumptions**

Among the benefits private participation brings to the Project is the ability to leverage future toll revenue to raise private capital and the transfer of significant Project Completion and revenue risk to the Developer. The following revenue risks in Table 4.5, which are described in detail in Section 8, represent the potential for unanticipated changes in expected revenue and have been transferred to the Developer. Such changes may negatively affect the Developer’s ability to complete the Project or repay its debt. The Developer has assumed these risks based on the toll revenue assumptions.

Table 4.5 Key Revenue Assumptions, Risks and Mitigations	
Risk	Mitigation
Toll revenues do not meet projections	<ul style="list-style-type: none"> <li>- Transfer of toll revenue risk to the Developer and Lenders</li> <li>- Payment of operations and maintenance costs prior to payment of debt service and distribution to the equity investors</li> <li>- Increased level of comfort due to review of revenue projections by multiple parties (e.g. TIFIA Office, rating agencies, Lenders’ T&amp;R advisor)</li> </ul>
Inability to collect all toll revenues	<ul style="list-style-type: none"> <li>- Incentives for Developer to collect as leakage in collections will first impact the distributions to the equity investors</li> <li>- Familiarity of drivers in Northern Virginia with Express Lanes</li> <li>- Strong enforcement framework</li> </ul>

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[Redacted text]

[Redacted]	
Metric	Assumption
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]

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## 5. Project Financing

This chapter presents the sources of funds for the Project from the Developer's perspective. A project of this size requires funding from multiple sources. The principal source of revenue that will be available to the Developer is expected to be toll revenue from the users of the Express Lanes, which will be used to raise financing through the following identified sources: TIFIA Credit Assistance, Private Activity Bonds, and Equity Financing.

### 5.1 Financing and Interest Costs

Current estimates of the financing and interest costs during the construction period equal [REDACTED] as of November 9, 2017, which is included in Debt Service during Construction and Financing Costs based on the Developer's financial model. This estimate includes debt service, debt issuance costs, letters of credit, and funding of necessary reserve funds to facilitate the plan of finance.

Table 5.1 reflects Developer's financing sources and costs.

Table 5.1 Cost of Financing		
Type of Financing	Nominal (\$million)	% of Total
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
<b>Total</b>	[REDACTED]	<b>100.0%</b>

### 5.2 Types of Financing

#### TIFIA Credit Assistance

The TIFIA program provides credit assistance to eligible transportation projects, such as highways, rail, intermodal, and ports. The Developer was responsible for reaching financial close with respect to the TIFIA loan in the amount of \$1,229 million and the Department facilitated communications with the TIFIA Joint Program Office (TIFIA JPO) seeking financing for the Project. The financing structure includes this \$1,229 million TIFIA loan which is secured by and will be repaid with project revenues. Noting that an investment grade rating is required for the senior debt (PABs) and for the TIFIA loan, an investment grade rating has been confirmed by two nationally recognized rating agencies, Fitch and Moody's, as of Financial Close.

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### **Private Activity Bonds**

In January 2015, the Department submitted an application for provisional Private Activity Bonds (PABs) allocation in the amount of \$946 million. The Developer has elected to use \$737 million of the PABs allocation. The Virginia Small Business Financing Authority (VSBFA) is the PABs issuer, with the issuance being subject to certain conditions, including the filing of an application with VSBFA for financing assistance and the approval by VSBFA of all financing documentation related to the PABs. These conditions have been satisfied at Financial Close and all PABs were issued, with the funds deposited into the Bond Proceeds Escrow Account, and all equity was funded by the Equity Members in the form of cash or secured by a letter of credit.

### **Equity Financing**

In addition to the debt financing highlighted above, the Developer has committed \$1,523 million of private equity to be invested in conjunction with the debt. The members of the Developer will provide the following equity:

- 40% from Cintra Infrastructures S.E. and 10% from Cintra Global Ltd. (together Cintra);
- 26.7% from Meridiam;
- 13.3% from APG; and
- 10% from John Laing.

Cintra is a subsidiary of Ferrovial S.A. (rated BBB -stable outlook- by S&P and Fitch), one of the world's leading infrastructure operators and municipal services companies. Cintra has almost 50 years of experience globally and its portfolio includes 27 concession projects in ten countries totaling more than 1,100 miles of managed highways worldwide. These projects represent a total global investment in roadways of over \$20 billion. Cintra's North American operations, headquartered in Austin Texas, were established in 2005. In the U.S., the company has successfully financed four managed lanes projects and currently invests in, and its managers operate, more than \$5.0 billion in infrastructure projects in the U.S. and more than \$4.7 billion in infrastructure projects in Canada.

Meridiam is a group of funds founded in 2005 with its headquarters in Paris and with offices also in the U.S., Luxembourg, Canada, and Turkey. The Meridiam group of companies was one of the first investment groups to go to market with a 25 year investment horizon and currently manages approximately \$5.7 billion through six funds. The group has financed or committed to finance 50 P3 projects around the world, including 12 in North America, with an aggregate constructed value of over \$40 billion.

APG, together with its parent, APG Asset Management N.V., is a financial services provider of collective pensions in the Netherlands. It provides asset management, management support, and communication services solely to Dutch pension funds. APG manages assets which represent over 30% of all collective pension schemes in the Netherlands, including 4.5 million active and retired participants from the public and private sectors. APG has been an active investor in the infrastructure sector since 2004. Over the recent years, APG has closed numerous P3, utility, renewable, and core infrastructure deals around the

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globe. US revenue risk P3 projects include NTE 35W and LBJ Express in Texas. Other relevant revenue risk P3 projects include EastLink Tollway (Australia) and A1 (Poland).

The John Laing Group, since making its first infrastructure investment in 1969, has committed investments to a total of 130 projects. As of June 30, 2017, the Group held 42 investments in its portfolio, including 18 projects under construction, in three main sectors: transportation, social infrastructure, and environmental. John Laing's history and experience in the transportation sector includes the development, investment and management of the following highway projects globally: I-77 Express Lanes (Charlotte, North Carolina), I-4 (Orlando, Florida), A15 Motorway (Netherlands), and A6 Parkway (Netherlands).

The equity members assume the equity will be injected after debt has been drawn and will be fully backed by a letter of credit until funded in cash. In compliance with TIFIA requirements, no cash will be distributed to the shareholders until the interest capitalization period expires in mid-2027 (five years after Project Completion).

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## 6. Project Cash Flow

This chapter provides the sources and uses of funds for the Project for the Developer and the Department, respectively. Post Financial Close, updated sources and uses of funds and cash flow schedules will be provided with subsequent updates to the Financial Plan.

### 6.1 Sources and Uses of Funds during Construction

Table 6.1 reflects a summary of the sources and uses of funds during construction for the Developer. This summary reflects the Developer's own plan of finance.

Table 6.1 Developer's Sources and Uses of Funds during Construction (\$million, YOY)							
Detailed Budget	2017	2018	2019	2020	2021	2022	Total
<b>Sources of Funds</b>							
PABs Proceeds							
TIFIA Loan							
Debt Service - TIFIA							
Public Funds Amount							
Equity							
<b>Total Sources of Funds</b>							
<b>Uses of Funds</b>							
DB Costs							
Transit Funding							
Concession Fee							
Development Costs							
Financial costs and fees							
Debt Service - PABs							
Debt Service - TIFIA							
Reserve Funding							
<b>Total Uses of Funds</b>							
<b>Net Cash Flow</b>							

Table 6.2 reflects the Department funding per year for the project.

Table 6.2 Department's Project Funding by Year (\$million)								
UPC No.	Prior to FY2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
VDOT Funds	\$73.8	\$100.0*	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$173.8
<b>Total Cumulative Sources</b>	<b>\$73.8</b>	<b>\$100.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$173.8</b>

\* Funded from the Developer's Concession Fee



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Table 6.3 reflects the Department expenditures per year for the components of the project.

<b>Table 6.3 Department's Anticipated Expenditures by Year (\$million)</b>									
<b>UPC</b>	<b>Description</b>	<b>Prior to FY2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Total</b>
54911	RTE66 – Preliminary Engineering	\$8.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$8.6
105239	I-66 PPTA – Study	\$11.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$11.5
105500	I-66 Tier II	\$53.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$53.7
110496	Transform I-66 Oversight Project	\$10.0	\$20.0	\$20.0	\$17.6	\$16.4	\$12.7	\$3.3	\$100.0
<b>Total Uses</b>		<b>\$83.8</b>	<b>\$20.0</b>	<b>\$20.0</b>	<b>\$17.6</b>	<b>\$16.4</b>	<b>\$12.7</b>	<b>\$3.3</b>	<b>\$173.8</b>

## 6.2 Project Cash Flows during Operation

After the construction phase is complete, the Project will operate via revenue from tolling operations. These revenues, after payment of transaction related costs and ongoing administrative operating costs, will be used to pay debt service on the Senior Toll Revenue Bonds.

If the toll revenues collected are not sufficient to pay debt service requirements on the senior toll revenue bonds, the bond trustee will draw from funds available in a ramp-up reserve account.

As discussed, in the early years of the Project, the ramp-up reserve account is used to cover debt service. In each year of operations, the Project has sufficient cash to cover all obligations.

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## 7. Public-Private Partnership Assessment

This chapter addresses the requirement of FHWA Major Project Financial Plan Guidance to assess the appropriateness of a P3 to deliver the Project. Table 7.1 details the steps that were taken by the Department, and other key Project participants, to complete this assessment:

Table 7.1 P3 Assessment	
	Date
CTB Briefing and Contingent Action	July 2015
Transportation PPTA Advisory Committee	August 2015
Completion of Initial Finding Of Public Interest (FOPI)	August 2015
Issuance of P3 Request For Qualifications (RFQ)	September 2015
CTB Action on NEPA Preferred Alternative Decision	October 2015
Announcement of Shortlisted Teams	October 2015
Submittal of Conceptual Financial Proposals and Secondary Shortlisting	December 2015
Release of Draft RFP to the Two Shortlisted Bidders	December 2015
Release of Final RFP to the Two Shortlisted Bidders	July 2016
Announcement of Successful Proposer	November 2016
Completion of PPTA Statutory Audit, Final FOPI & CTB Allocation of Funds	December 2016
Commercial Close	December 2016
Limited Notice to Proceed (Design and Permitting)	December 2016
Financial Close and Anticipated Start of Construction	November 2017

The Public Private Transportation Act of 1995 (PPTA) is the Commonwealth's enabling legislation for the development and operations of transportation projects utilizing the private sector. The following activities have occurred related to the Project being delivered as a P3 in accordance with the PPTA:

- Finding of Public Interest (FOPI):** In August 2015, the Commissioner of Highways at the Department signed the FOPI pursuant to Section 33.2-1803.1 of the Virginia Code to begin a procurement of the I-66 Project under a P3 delivery method. Identified benefits from developing and operating the project as P3 versus other procurement options include (Source: [http://www.virginiadot.org/news/resources/Statewide/Transform\\_66.pdf](http://www.virginiadot.org/news/resources/Statewide/Transform_66.pdf)):
  - Enable the Department to share and transfer major project risks
  - Combine design and construction in one agreement thereby creating incentive to utilize Alternative Technical Concepts (ATCs), which are not available under a VPPA Design-Build contract
  - The transfer of traffic and revenue risks and risks of toll collections and violations
  - The synergy of design, construction, financing, tolling, operations, and maintenance under one agreement

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- **Two Stage RFQ Process:** Subsequent to the completion of the FOPI, the Department decided to release the RFQ in two parts: 1) Statements of Qualifications, and 2) Conceptual Financial Proposals. Along with the RFQ, the Department issued three term sheets, one for each delivery model, for the teams to follow when preparing their Conceptual Financial Proposals. The two part RFQ enabled the Department to evaluate three different types of delivery models--DBFOM, DBOM, DB with Alternative Technical Concepts--in order to determine a procurement process that serves the public interest, encourage innovation, creates long-term value for the Commonwealth, achieves cost efficiencies, and facilitates timely delivery of the P3 project subject to applicable law.
- **Decision to Pursue DBFOM Delivery Model:** After completing the review of the RFQ submissions and the various alternative delivery models that were available for the Project, the Commissioner of Highways determined to advance the procurement of the Project under the DBFOM delivery method in December 2015. Based on the analysis conducted during the two part RFQ stage, the Department determined that the DBFOM delivery model was the most optimal project delivery model and likewise would produce the most public benefit to the Commonwealth.
- **Authorization to Issue 9(c) Bonds:** In January 2016, the General Assembly authorized the Treasury Board to issue bonds pursuant to Article X, Section 9(c) of the Constitution of Virginia in an amount up to \$1.5 billion (plus financing costs) for the Project. The authorization is contingent upon the Transportation PPTA Advisory Committee, prior to January 1, 2018, finding that the issuance is necessary due to the inability of private parties to meet the term sheet published by the Department at the time of the RFQ.
- **RFP Process:** The initial draft RFP was issued in December 2015, followed by an industry review period until July 2016 when the final RFP was issued, requesting proposals by October 2016. Two compliant proposals were received by the Department in October 2016, and the successful proposer was announced as I-66 Express Mobility Partners in November 2016.
- **Statutory Required Audit:** Shortly following the announcement of the successful proposer, the statutory PPTA Audit was conducted, which confirmed that the P3 delivery option was in the best interest of the public, hence agreeing with the Department's assessment.
- **Final FOPI and Commercial Close:** In early December 2016, the PPTA Advisory Committee declared the P3 delivery model was in the best interests of the public and the Final FOPI was endorsed by the Commonwealth Transportation Board (Source: [http://www.ctb.virginia.gov/resources/2016/dec/reso/Resolution\\_17\\_66\\_FOPI.pdf](http://www.ctb.virginia.gov/resources/2016/dec/reso/Resolution_17_66_FOPI.pdf)). On December 8, 2016, the Project reached Commercial Close.

Risk allocation analysis was conducted in parallel with project development and procurement activities, and the Department in coordination with stakeholder groups conducted risk workshops in multiple stages to identify and allocate risks to the party that can best manage them. The first risk workshop was conducted on July 29, 2014, to develop strategies that can be utilized during project development and procurement phases to mitigate identified project risks as the Project moved forward. Participants from the Department, DRPT, FHWA, the Commonwealth's Office of Attorney General, and Project consultants well-understood identified risks and mitigation strategies were already being initiated. The second risk workshop was conducted on May 5-6, 2015, prior to the issuance of draft RFQ to further develop mitigation efforts and evaluate potential risks associated with the Post-Financial Close period. Finally, in August 2015, stakeholders were convened at the Cost and Schedule Validation and Risk Assessment Workshop to

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develop a common understanding of the Cost Estimate Validation Process and to quantify identifies risks that potentially affect the cost and schedule of the project.

Market conditions on relative access to and cost of capital were monitored throughout the procurement process through activities such as risk workshops, the issuance of Request for Information (RFI) in June 2013 and collection of responses from individuals, firms, teams or organizations, and one-on-one meetings with private sector teams in summer 2015, and the dual path approach of developing and advancing the public finance option and evaluating the P3 option.

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## 8. Risk Identification and Other Factors

This chapter addresses the primary risk factors that could affect the Financial Plan and the resulting contingencies.

### 8.1 Risk Register

This section summarizes the primary risks under the Comprehensive Agreement and the mitigation approach of the Department. The risks identified represent risks for cost increases or schedule delay from the Department's perspective. The Comprehensive Agreement transfers all of the risks for delivering the Project to the Developer along with most of the cost and schedule risks.

During the construction phase, the Developer has the following contingencies in place to manage the cost and schedules risks:

- **Cost increases:** except when arising as a direct result of a Compensation Event, will be absorbed by the Developer at no cost to the Department. These risks have been priced by the Developer in its bid. Discussion on Compensation Events are further detailed in Section 8.2.
- **Schedule risk:** the very nature of the Project delivery method provides inherent mitigation against the risk of delay. The Developer is contractually obligated (and has great financial incentives) to mitigate delay risks and recover schedule delay. The Developer is committed to achieve Project Completion by December 31, 2022. The Developer's own financial commitments and the contractual mechanics governing relief and compensation provide very strong incentives for the Developer to achieve Project Completion by December 31, 2022.

As part of its Project Management Plan, the Developer will develop a comprehensive Risk Management Plan, which will identify the risks to the costs and schedule of the Developer.

The risks further identified in this section are classified in the following categories:

- Funding and Financing
- Legislative and Policy
- Operations and Maintenance

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Risk	Approach/Mitigation Strategy
<b>Funding and Financing</b>	
<b>Toll Revenue Risk</b>	
<p>Inaccurate traffic and revenue forecasts result in revenues which are lower than initially projected and lower debt service coverage ratios</p>	<p>The Project sponsor has developed traffic and revenue forecasts under a variety of tolling scenarios. While uncertainty inherently exists surrounding traffic and revenue forecasts, the traffic and revenue reports and the sensitivity testing performed will help to ensure financing is based on the most realistic and reasonable toll revenue estimates. Additional reviews and sensitivities are performed by rating agencies, TIFIA and the Lenders' T&amp;R Advisor. The Developer shall be the first to bear traffic and revenue risks related to the Express Lanes.</p>
<p>The Department does not benefit unless toll revenues are significantly more than forecasted</p>	<p>The Comprehensive Agreement specifies a revenue sharing arrangement between the Developer and the Department so that once the Developer's base case IRR has been achieved (or an IRR of 15%), the Developer and the Department will share in any excess revenues.</p>
<b>Toll Collection Risk</b>	
<p>Toll revenues could be less than forecasted if toll collection mechanisms are inadequate or ETC equipment deficiencies result in the inability to identify users of the Project</p>	<p>The Comprehensive Agreement will ensure that the most reliable electronic tolling equipment is utilized and all steps are taken to minimize toll evasion. The Department will facilitate the Developer's coordination with the Virginia State Police. Developer may request the Department to provide toll violation services under the terms of a Violation Processing Services Agreement.</p>
<b>Legislative/Policy</b>	
<b>Tax Imposition</b>	
<p>A tax imposition results in a Compensation Event</p>	<p>Although this event is unlikely, the Department will ensure that it Senior Executives are aware of the impact to this or other concessions around the state.</p>
<b>Court Injunction</b>	
<p>The issuance of an injunction by a court having jurisdiction over the Project, estops the Department or Developer from performing its obligations and results in a Compensation Event and/or Delay Event</p>	<p>Based on the project status and the public outreach activities that the Department has undertaken, this risk is minimal.</p>

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Change in Law	
A Change in Law results in a Compensation Event and/or a Delay Event	Potential for law to change and disallow trucks from managed lanes facilities (Permitted Vehicles), is a remote possibility.
Alternative Facility	
An Alternative Facility results in a Compensation Event or Delay Event	Under the Comprehensive Agreement, an Alternative Facility is limited to additional GP lanes and the Orange Line Expansion. The I-66 widening is within the control of the Department and the Orange Line Expansion is not likely within in the 10-year horizon.
Operations & Maintenance	
Significant Reserved Rights Event	
A Significant Reserved Rights Event in the Project ROW results in a Compensation Event	The Department is in full control of its Reserved Rights and, if implemented, will plan funding to cover any anticipated cost to the Developer.
Order by the Department to Suspend Tolls	
An order by the Department suspending tolls on, or diverting traffic onto, the Express Lanes, other than as provided in the Comprehensive Agreement	This is in the Department's control and should be defined as a very low probability.
Insurance	
Coverage amounts are insufficient to cover extreme damages to the Project	The Comprehensive Agreement sets out what the Department's insurance advisor believes are reasonable insurance requirements which the Developer must satisfy for the duration of the Project (construction and operations)

## 8.2 Impact of Future Changes

The Department acknowledges that potential unforeseen events may result in cost increases. However, through the use of a P3 Agreement, only a very limited subset of events may trigger additional compensation from the Department to the Developer ("Compensation Events") or time extension ("Delay Events"). Broadly speaking, Compensation Events fall into three categories:

- Events within the control of the Department, such as a Department Change, Department-Caused Delay or Department Project Enhancements (all defined in Exhibit A of the Comprehensive Agreement)
- Any significant force majeure event, only to the extent that the Department or the Developer elects to continue the Comprehensive Agreement
- Other unlikely events not directly under the control of the Department or the Developer, such as delays in obtaining NEPA approvals (which, under Exhibit A of the Comprehensive Agreement,

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cause a delay or more than 45 days), failure to obtain a USACE 404 Individual Permit, or failure to obtain the Virginia Department of Environmental Quality Wetland Permits or the Virginia Marine Resource Commission Permit, or failure of a utility owner to cooperate (which, under Exhibit A of the Comprehensive Agreement, cause a delay of a Critical Path Activity of more than 180 days)

- Compensation Events for Alternative Facilities are set out in Section 12.05 of the Comprehensive Agreement and are limited to:
- Additional general-purpose lanes on I-66 within the project corridor encompassing the Express Lanes during the term of the Agreement. General purpose lanes do not include the use of shoulder lanes during peak periods and auxiliary lanes; and
- The opening of an expansion of the Orange Line within the I-66 Corridor encompassing the Express Lanes for the first 10 years of the Term.

In no case will the Developer be granted a Compensation Event for lower than expected HOV usage on the project.

### 8.3 Department Contingency

A Cost Estimate Review (CER) was performed by FHWA to “verify the accuracy and reasonableness of the project’s cost estimate and schedule and to develop a probability range for the cost estimate that represents the project’s current stage of development.” The most significant threats (i.e. cost risks) for the project were identified as in Table 8.1. Note that there has been no material changes to the VDOT retained risks since the CER workshop in April 2017. Any material changes will be updated in Annual Updates.

Table 8.1 VDOT Retained Risks (most significant risks)	
Risk	Cost <sup>13</sup> (\$millions)
Additional construction change orders (over and above the risks allocated to the Developer)	\$20
WMATA Delays	\$25
Utility Delays	\$20
USACE 404 Permit	\$10
ROW Costs	\$7

The Department has created a special account that has been funded by the Concession Fee payment of \$579 million. A portion of this account may be used to diminish any potential unknown project costs to the Department during the Project’s construction period. This account is not the only or first measure of risk mitigation the Department is applying for the Project; it acts as an additional piece to the Department’s broad risk mitigation strategy which is detailed in Section 8.1 of this document.

<sup>13</sup> The cost represents the most likely cost of the risk.



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**Initial Financial Plan**

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The Department will ensure that the special account will maintain a minimum balance of \$72 million at the beginning of the Project for potential risk mitigation.<sup>14</sup> The risk contingency amount will be determined annually as the pro-rated initially funded amount multiplied by the Project's remaining percentage of construction cost to construction completion. After the Project achieves substantial completion, the Department will no longer be required to hold a balance in the special account for risk contingencies.

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<sup>14</sup> For the risk analysis that was undertaken as part of the CER, all of VDOT retained risks had a total cost ranging from \$11 million to \$130 million (depending on the level of confidence of the modelling). A level of confidence of 70% yielded a total risk allowance of approximately \$72 million. A 70% confidence level probabilistic estimate result is typically used in the CER process.

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## **9. Annual Update Cycle**

The Annual Update Cycle will represent work status through June 30<sup>th</sup> of each calendar year. The Annual Update will be presented on or before the deadline of September 30<sup>th</sup> of each calendar year.

## **10. Summary of Cost Changes Since Last Year's Financial Plan**

This section will be updated during the Annual Update. This section will include the changes that have reduced or increased the cost of the Project since last year's financial plan.

## **11. Cost and Funding Trends Since Initial Financial Plan**

This section will be updated during the Annual Update. This section will identify the trends that have impacted project costs and funding since the initial financial plan.

## **12. Summary of Schedule Changes Since Last Year's Financial Plan**

This section will be updated during the Annual Update. This section will include list of changes that have caused the completion date for the project to change since the last financial plan.

## **13. Schedule Trends Since Initial Financial Plan**

This section will be updated during the Annual Update. This section will identify the trends that have impacted project schedule since the initial financial plan.

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## Appendix A: Glossary

Table A.1 Glossary	
Term	Definition
ATC	Alternative Technical Concepts
Commonwealth	Commonwealth of Virginia
CTB	Commonwealth Transportation Board
DB	Design Build
DBOM	Design Build Operate Maintain
DBFOM	Design Build Finance Operate Maintain
Department	Virginia Department of Transportation
Developer	I-66 Express Mobility Partners
DRPT	Department of Rail and Public Transportation
DSCR	Debt Service Coverage Ratio
Early Work	Work identified in the Comprehensive Agreement (Exhibit B-3)
ETC	Electronic Toll Collection
Express Lanes	High occupancy tolled lanes
FHWA	Federal Highway Administration
FTA	Federal Transit Administration
HOV	High Occupancy Vehicle
I-66	Interstate 66
ITS	Intelligent Transportation System
LNTP	Limited Notice to Proceed with the Early Work
MAP-21	Moving Ahead for Progress in the 21 <sup>st</sup> Century Act
NEPA	National Environmental Policy Act
NVTA	Northern Virginia Transportation Authority
PABs	Private Activity Bonds
PPTA	Public-Private Transportation Act
Project	Transform 66 P3 Project
Project Sponsors	Virginia Department of Transportation and I-66 Express Mobility Partners
P3	Public-Private Partnerships
RFP	Request for Proposals
RFQ	Request for Qualifications
SIB	State Infrastructure Bank
SOQ	Statement of Qualifications
STIP	State Transportation Improvement Program
TIFIA	Transportation Infrastructure Finance and Innovation Act
TIP	Transportation Improvement Program
TPB	Transportation Planning Board

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<b>Table A.1 Glossary</b>	
<b>Term</b>	<b>Definition</b>
VDOT P3 Office	VDOT Office of Public-Private Partnerships
VSBFA	Virginia Small Business Financing Authority
VDOT	Virginia Department of Transportation
WMATA	Washington Metropolitan Area Transit Authority
YOE	Year of Expenditure

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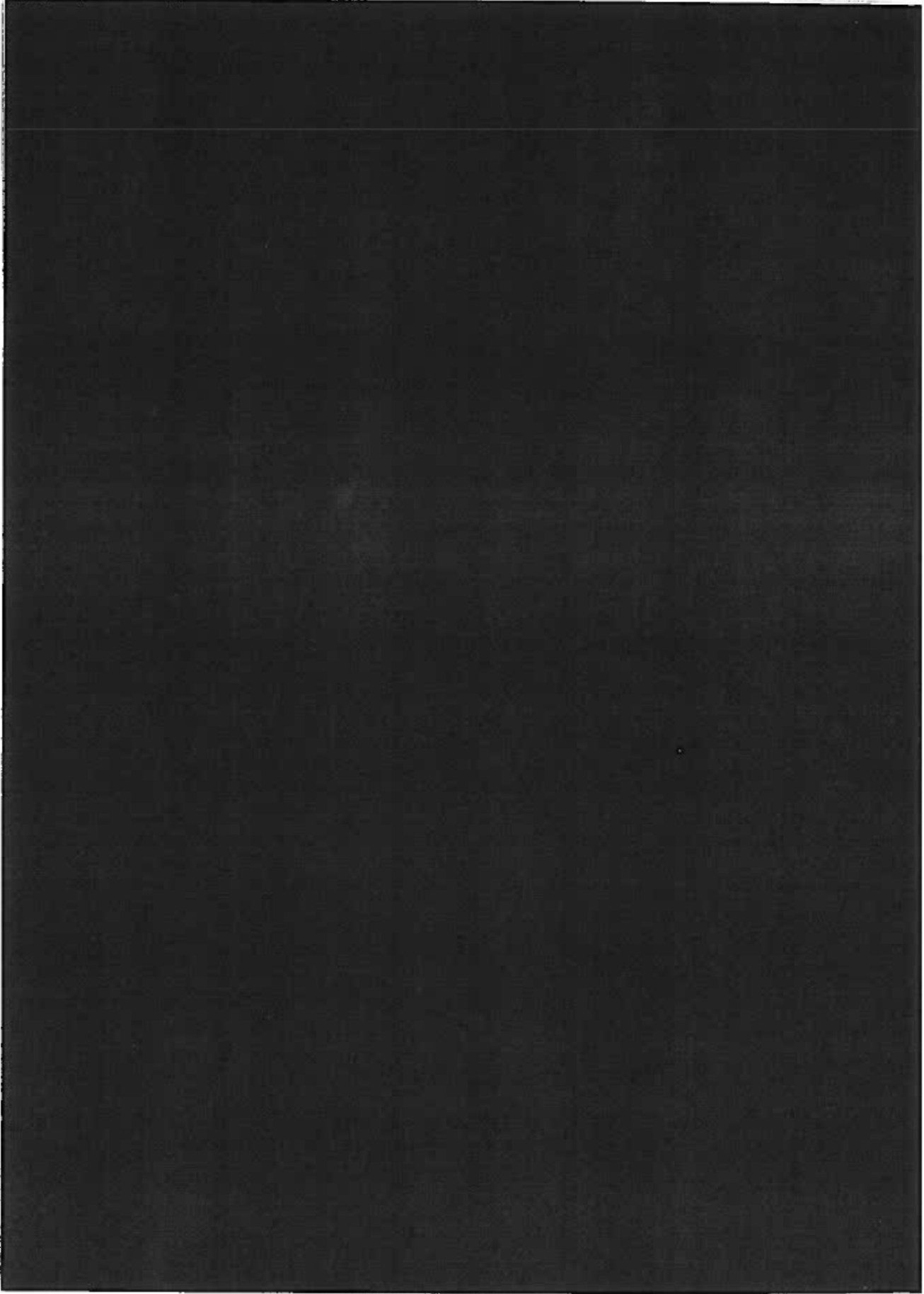
**Attachment A: Cost Estimate Review (CER)**

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The Cost Estimate Review (CER) was completed on April 4, 2017.

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**Attachment B: Developer's Project Schedule Summary**



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## Attachment C: PABs Allocation Letter

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U.S. Department of  
Transportation

Office of the Secretary  
of Transportation

Under Secretary of Transportation 1200 New Jersey Avenue SE  
Washington, DC 20590

June 14, 2016

### PROVISIONAL BOND ALLOCATION APPROVAL LETTER

Mr. Morteza Farajian, Ph.D.  
Program Manager  
Virginia Office of Public-Private Partnerships  
600 E. Main Street  
Richmond, VA 23219

Dear Mr. Farajian:

Thank you for your January 14, 2016, application for an allocation of private activity bond authority for the Transform 66-Outside the Beltway project (the Project).

The purpose of this letter is to inform you that the U.S. Department of Transportation (USDOT) has reviewed the application and applicable statutory and regulatory requirements, and is provisionally allocating up to \$946 million of private activity bond authority to the Virginia Small Business Financing Authority, as requested in your application. The bond authority is allocated for the Project described in that application with the conditions listed below.

First, a final bond counsel tax and validity opinion must be issued at the time of the closing of the bond issue in substantially the form that you provided with the application.

Second, the bonds must be issued by October 1, 2017. If the bonds have not been issued by that date, this provisional allocation automatically expires and the \$946 million of private activity bond authority allocated for the Project will be available for reallocation to other eligible applicants. If this provisional allocation expires, you may resubmit an application and it will be reviewed without preference or priority being given as a result of its prior submission.

Third, any amount of unused bond allocation following an initial bond issuance will automatically return to USDOT's remaining aggregate amount of private activity bonds, and thus be available for other eligible applicants.

Last, this provisional allocation of private activity bond authority for the Project will have no impact on any future USDOT decision on an application for any USDOT financial assistance for this Project under USDOT programs, including any determination regarding project eligibility or project cost size and funding sources for any USDOT credit program. Any application for USDOT financial assistance for this Project will be evaluated under the governing statutes and regulations of that specific USDOT program.

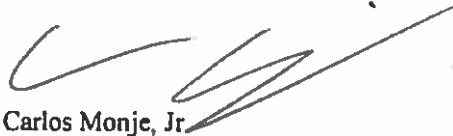
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The USDOT appreciates your interest in the private activity bond program and we look forward to the successful financing and delivery of your project. For additional information or questions, please contact Paul Baumer in the Office of Infrastructure Finance and Innovation at (202) 366-1092.

Sincerely yours,



Carlos Monje, Jr.  
Acting Under Secretary

cc: Assistant Secretary for Budget & Programs, Office of the Secretary  
General Counsel, Office of the Secretary  
Administrator, Federal Highway Administration



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U.S. Department of  
Transportation  
  
Office of the Secretary  
of Transportation

Under Secretary of Transportation 1200 New Jersey Avenue SE  
Washington, DC 20590

September 29, 2017

**EXTENSION OF PAB ALLOCATION AVAILABILITY**

Javier Gutiérrez-Villanueva  
CEO, I-66 Express Mobility Partners LLC  
12600 Fair Lakes Circle, Suite LL11  
Fairfax, Virginia 22033

Dear Mr. Gutiérrez-Villanueva:

Thank you for your letter of September 1, 2017, requesting an extension of the provisional allocation of private activity bond authority granted to the Virginia Small Business Financing Authority (the Issuer) in connection with the Transform 66-Outside the Beltway project (the Project).

On June 14, 2016, the Department made a provisional allocation of up to \$946 million in PAB authority, with an expiration date of October 1, 2017. I understand that I-66 Express Mobility Partners LLC, as the selected preferred proposer, has been working diligently to complete the financing package for the project, but that the current anticipated date of financial close will occur beyond the original expiration date of the allocation.

I am pleased to inform you that your request to extend your allocation to December 30, 2017, is approved, under the condition that any amount of unused bond allocation following an initial bond issuance will automatically return to USDOT's remaining aggregate amount of private activity bonds, and thus be available for other eligible applicants.

The USDOT appreciates your interest in the private activity bond program and we look forward to the successful financing and delivery of your project. For additional information or questions, please contact Paul Baumer in the Office of Infrastructure Finance and Innovation at (202) 366-1092.

Sincerely yours,

Maria Lefevre  
Executive Director  
Office of the Under Secretary of Transportation

cc: Assistant Secretary for Budget & Programs, Office of the Secretary  
General Counsel, Office of the Secretary  
Administrator, Federal Highway Administration

TRANSFORM 66 P3 PROJECT

Initial Financial Plan

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**Attachment D: Approval of TIFIA Application**

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U.S. Department  
of Transportation  
Office of the Secretary  
Build America Bureau

Executive Director

1200 New Jersey, S.E.  
Washington, D.C. 20590

October 17, 2017

Mr. Javier Gutierrez Villanueva  
Chief Executive Officer  
I-66 Express Mobility Partners  
12600 Fair Lakes Circle, Suite LL11  
Fairfax, Virginia 22033

Subject: Transform 66 - Outside the Beltway Project

Dear Mr. Villanueva:

The Department has reviewed the application for the Transform 66 - Outside the Beltway Project (Project) that we determined to be complete in our letter dated October 5, 2017. We hereby notify you that on October 10, 2017, the Secretary approved the application on the basis of terms reviewed and approved by the Department's Council on Credit and Finance. Closing on the TIFIA loan and obligation of funds for the Project are subject to agreement of terms and conditions acceptable to the Department. We look forward to continuing to work with you on this Project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Martin Klepper'.

Martin Klepper  
Executive Director  
Build America Bureau  
(202) 366-8559

**TRANSFORM 66 P3 PROJECT**  
**Initial Financial Plan**

**Attachment E: Repayment of State Infrastructure Bank Loan**



**COMMONWEALTH of VIRGINIA**

DEPARTMENT OF TRANSPORTATION  
1401 E. Broad Street  
RICHMOND, VA 23219

**CHARLIE A. KILPATRICK**  
COMMISSIONER

**December 1, 2017**

**CERTIFICATE OF COMMONWEALTH TRANSPORTATION BOARD**  
**AS TO REPAYMENT OF STATE INFRASTRUCTURE BANK LOAN**

The undersigned authorized representative of the Commonwealth Transportation Board (the "**Board**"), the holder of the Amended and Restated SIB Loan Note, dated as of October 6, 2017 ("**Note**"), made by I-66 Express Mobility Partners LLC (the "**Obligor**") pursuant to the Amended and Restated SIB Loan Agreement, dated as of October 6, 2017 ("**SIB Loan Agreement**"), by and between the Board and the Obligor, hereby certifies that (i) the Obligor has drawn \$32,929,027 under the Note, (ii) the Board has received \$32,929,027 from the Obligor as payment in full for the entire principal amount due on the Note, (iii) all other conditions to the repayment of the Note have been satisfied, (iv) the Note is cancelled and is no longer outstanding, and (v) the SIB Loan Agreement is terminated and released.

The Board hereby agrees to deliver the Note marked cancelled to the Obligor.

Dated: December 1, 2017.

**COMMONWEALTH TRANSPORTATION BOARD**

By: \_\_\_\_\_

A handwritten signature in black ink, appearing to read "C. A. Kilpatrick", written over a horizontal line.

Name: Charles A. Kilpatrick, P.E.

Title: Commissioner of Highways