

## Chapter 4: Application Process

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This chapter describes the process to apply for TIFIA credit assistance. The DOT welcomes informal consultations with prospective applicants at any time. TIFIA staff contact information is on the inside front cover of this program guide.

### Section 4-1

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#### Initial Submission: Letter of Interest

To begin the application process, an applicant should submit to the DOT a Letter of Interest, not to exceed 10 pages. The DOT template for the required Letter of Interest can be found at Appendix C; it identifies the specific information that must be provided to the DOT. The DOT requests that applicants submit the Letter of Interest by attaching it via email to [TIFIAcredit@dot.gov](mailto:TIFIAcredit@dot.gov). This letter serves to familiarize the DOT with basic information relating to the project and the applicant. It also permits the DOT and the applicant to ensure that the project meets the most basic eligibility requirements for participation.

#### Components

The Letter of Interest should describe the project and the proposed financial plan, identify the proposed TIFIA borrower, and discuss the benefits of the proposed project and its use of TIFIA assistance. The letter should also summarize the project's status in the environmental review process.

- Project Description. The letter should describe the project, including its location, purpose, design features, estimated capital cost, and development schedule.
- Proposed Participants. The letter should describe the proposed borrower's organizational structure, identify the entity that will serve as the applicant, list other significant members of the project team, describe the proposed borrower's relationship to subsidiaries or affiliates, if any, and provide a web site link where additional information can be found.
- Proposed Financing. The letter should include the proposed sources and uses of funds for the project and state the type and amount of credit assistance to be sought from the DOT. The discussion of proposed financing should also identify the source(s) of revenue or other security that would be pledged to the TIFIA credit instrument. Additionally, the letter should address the status of any revenue feasibility study.
- Benefits. The letter should include an assessment of the benefit(s) achieved through the use of a TIFIA credit instrument.
- Environmental Review. The letter should summarize the status of the project's environmental review, and it should state specifically 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.
- Other Information. The Letter of Interest requests inclusion of any other relevant information.

- Planning. Explain whether the project is consistent with the Federally-required long range transportation plan and transportation improvement program.
- Schedule. Detail the timetable for requesting TIFIA credit assistance and any potential factors that could impact the timetable.
- Contact Information. Identify a key contact person with whom all communication should flow.

When preparing the Letter of Interest, applicants should utilize the format provided on the TIFIA web site. In cases where there are differences between the guidance in this document and the guidance on the web site form, the latter should dictate the applicant's response.

In both the Letter of Interest and in the subsequent application, the applicant should propose a single financing structure representing the most likely scenario. The DOT may ask applicants to develop alternative scenarios, as necessary. Additionally, applicants may be asked to verify application information and/or provide documentation of design-build contracts, public-private venture agreements, or other information of interest.

An applicant may combine more than one type of TIFIA credit assistance (secured loan, guaranteed loan, line of credit) for a single project in the same application, provided that the total amount of requested credit assistance does not exceed 33 percent of eligible project costs.

## **DOT Review**

On the basis of the Letter of Interest, the DOT will determine whether the project meets the basic eligibility requirements for TIFIA credit assistance. For most projects, the DOT will use an evaluation team drawn from operating agencies throughout the Department (*e.g.*, FHWA, FRA, FTA, and MARAD). A representative from the evaluation team will notify the applicant of its eligibility to submit an application. This person will serve as the DOT's principal point of contact throughout the application process.

## **Section 4-2**

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### **Application**

Upon receiving the DOT's notification that the project meets the basic eligibility criteria, the applicant may submit an application. The application form for TIFIA credit assistance appears in Appendix D of this program guide and is also available on the TIFIA web site.

### **Components**

The TIFIA application is divided into six sections, as follows:

- Executive Summary. The DOT has created a template for the required Executive Summary; it identifies the specific information that must be provided to the DOT. This Executive Summary must be submitted electronically by attaching it via email to

[TIFIAcredit@dot.gov](mailto:TIFIAcredit@dot.gov) concurrently with submission of the application package in hard copy.

- **Section A.** Information on where and how to contact the applicant.
- **Section B.** Project information, including a description of the project, the form of TIFIA credit assistance requested, cost estimates and requested credit assistance amount(s), a project schedule, information on required approvals and permits, a project management and compliance monitoring plan, and a description of project operations and maintenance.
- **Section C.** A narrative in which the applicant explains the extent to which the proposed project satisfies each of the eight TIFIA selection criteria (see Chapter 5 and Appendix E of this program guide).
- **Section D.** A detailed financial plan, including estimated project costs and activity breakdowns, sources and uses of funds, cash flow pro forma, supplementary narratives on borrowed funds and revenue sources, proposed terms for the requested TIFIA credit instrument, and risk and mitigation strategies. The applicant also must provide the DOT with executable electronic copies of all materials in this section as well as the Exhibit VII cash flow pro forma (*i.e.*, files cannot be “values” or PDF files, and all spreadsheet documents should be operational).
- **Section E.** Information on the applicant’s organizational structure, experience, and its legal authority to carry out the activities described in the application.
- **Section F.** Certifications of compliance with TIFIA statutory requirements and other requirements common to all Federal credit programs.

The application form also requires an applicant to submit 12 supplementary exhibits. These exhibits include such items as a map of the project, the required preliminary rating opinion letter, revenue and cost projections, cash flow pro forma, supporting documentation regarding the applicant’s legal status, and an organizational chart. Additionally, applicants also must submit CD copies of the application.

### **Application Fee and Other Program Fees**

The DOT currently requires four different fees from TIFIA participants:

- (1) A non-refundable application fee, currently \$30,000.
- (2) A transaction (credit processing) fee, typically between \$200,000 and \$300,000, for projects selected to receive assistance. The credit processing fee may be higher, depending on the complexity of the project’s financing structure and the extent of related loan documents, such as the intercreditor agreement, compliance agreements, equity funding agreements, etc.
- (3) An annual servicing fee, currently \$11,000, for each credit instrument approved.

- (4) Project monitoring fees will be required in cases where the DOT incurs costs in connection with monitoring the performance of a project, the enforcement of credit agreement provisions, amendments to the credit agreement and related documents, and other performance-related activities. The DOT will include in each credit agreement a provision requiring the borrower to reimburse the DOT for such costs.

The DOT periodically will announce in the Federal Register changes to the types and amounts of fees for applicants and program participants.

The DOT will charge the borrower a credit processing fee equal to a portion of the costs incurred by the DOT in negotiating the credit agreement. This fee reimburses the government for its out-of-pocket costs for its outside legal counsel and financial advisor in connection with negotiating and closing the credit agreement. ***The borrower is responsible for payment of this fee regardless of whether the credit agreement is executed.***

The servicing fee is set according to the DOT's out-of-pocket costs to administer the credit instruments, including accounting, collections, document maintenance, and financial reporting.

### **Multi-Sponsor Projects**

An application for a project located in or sponsored by more than one state or other entity must be submitted to the DOT by a single state or entity. Multiple-party sponsors need to designate a single borrower for purposes of applying for, receiving, and repaying TIFIA credit assistance.